



Arkansas Power & Light Company
425 West Capitol
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Little Rock, Arkansas 72203
Tel 501 377 4000

0100656030

1997

42.00

June 16, 1995

Office of the Secretary
Interstate Commerce Commission
Office of Recordation
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423
Attention: Secretary

Dear Secretary:

In accordance with the provisions of Section 11303 of Title 49 of the U.S. Code, and Rules and Regulations of the Interstate Commerce Commission thereunder ("Rules and Regulations"), enclosed herewith for filing and recordation are two executed and acknowledged originals of an Equipment Leasing Agreement dated as of June 16, 1995 between Shawmut Bank, Connecticut, N.A., as Owner Trustee, as lessor, and Arkansas Power & Light Company, as lessee (the "Master Lease Agreement").

The Master Lease Agreement is a primary document as defined in the Rules and Regulations. The names and addresses of the parties to the Master Lease Agreement are as follows:

Lessor: Shawmut Bank, Connecticut, N.A.,
as Owner Trustee,
777 Main Street
M.S.N. 238
Hartford, Connecticut 06115

Lessee: Arkansas Power & Light Company
425 West Capitol Avenue
Little Rock, Arkansas 72201

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Counterpart to Lion A. Hahn



Interstate Commerce Commission
Washington, D.C. 20423-0001

Office Of The Secretary

Arkansas Power & Light Company
425 West Capitol.
P.O. Box 551
Little Rock, Arkansas 72203

Dear Mr. Regan,

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/16/95 at 12:15PM, and assigned recordation number(s). 19471, 19471-A.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

1947/

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EQUIPMENT LEASING AGREEMENT

between

**SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Owner Trustee**

and

ARKANSAS POWER & LIGHT COMPANY

dated as of June 16, 1995

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EQUIPMENT LEASING AGREEMENT

EQUIPMENT LEASING AGREEMENT dated as of June 16, 1995 (herein, as amended and supplemented from time to time, called "this Lease"), between Shawmut Bank Connecticut, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee under the Owner Trust Agreement (as hereinafter defined) (herein called "Lessor"), having its principal place of business at 777 Main Street, Hartford, Connecticut 06115, and Arkansas Power & Light Company, an Arkansas corporation (herein called "Lessee"), having its principal place of business at 425 West Capitol Avenue, Little Rock, Arkansas 72201.

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acceptance Date" for each Item of Equipment means the date on which Lessee has unconditionally accepted such Item for lease hereunder, as evidenced by Lessee's execution and delivery of a Lease Supplement for such Item dated such date.

"Acquisition Cost" of each Item of Equipment means an amount equal to the sum of (i) the total cost paid by Lessor for such Item, plus (ii) all Transaction Expenses approved and paid by Lessor in connection with the delivery and installation of such Item. It being understood that, for the purposes of utilizing Acquisition Cost to determine Basic Rent, Casualty Loss Value, Estimated Residual Value, Interim Rent, Maximum Lessee Risk Amount and Maximum Lessor Risk Amount with respect to an Item of Equipment, Transaction Expenses will be applied pro rata to all Items of Equipment then subject to this Lease.

"Acquisition Period" means the period commencing on the date hereof and ending on October 19, 1995.

"Affected Party" means Lessor, the Beneficiary, each bank or financial institution that is party to any Beneficiary Funding Arrangement or any of their respective successors and assigns and participants.

"Affiliate" means, with respect to any Person, another Person (i) which directly, or indirectly through one or more

intermediaries controls, or is controlled by, or is under common control with, such Person, (ii) which, directly or indirectly, of record or beneficially, owns or holds 10% or more of the shares of any class of capital stock of such Person having voting power or (iii) as to which 10% or more of the shares of any of the capital stock of the Affiliate having voting power is owned or held, directly or indirectly, of record or beneficially, by or for such Person.

"After Tax Basis" means, with respect to any payment to be received, the amount of such payment increased so that, after deduction of the amount of all taxes required to be paid by the recipient (less any tax savings realized and the present value of any tax savings projected to be realized by the recipient as a result of, in the case of a cash basis taxpayer, the payment, or, in the case of an accrual taxpayer, the accrual of the amount in respect of which the indemnity payment is being made and in respect of the indemnity amount) with respect to the receipt by the recipient of such amounts, such increased payment (as so reduced) is equal to the payment otherwise required to be made.

"Alternate Base Rate" means, for any day, an interest rate per annum, so long as no Event of Default has occurred and is continuing, equal to the Federal Funds Effective Rate (as hereinafter defined) most recently determined by The Bank of Tokyo, Ltd., New York Agency, plus one percent (1.00%) per annum, and after the occurrence and during the continuance of an Event of Default, equal to the greater of the foregoing rate or the rate of interest announced from time to time by The Bank of Tokyo Trust Company ("BOTT") as its "Prime Rate" which rate is not necessarily the lowest rate charged by BOTT for commercial or other types of loans.

"Applicable Law" shall mean all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, permits, certificates, orders, interpretations, licenses and permits of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

"Applicable Margin" means

(a) in connection with the Commercial Paper Rate,

(i) if Lessee's first mortgage bonds are rated Baa3 or higher by Moody's Investors Service, Inc. and BBB- or higher by Standard & Poor's Ratings Group ("Investment Grade"), .33%; and

(ii) otherwise, .75%; and

(b) in connection with the LIBO Rate,

(i) if Lessee's first mortgage bonds are rated Investment Grade, .38%; and

(ii) otherwise, .80%.

"Assignee" shall have the meaning given to such term in Section 14(b) hereof.

"Basic Rent" means the rent payable for each Item of Equipment during (i) the Basic Term thereof pursuant to Section 7(b) hereof, and (ii) each Renewal Term thereof pursuant to Section 28(a) hereof.

"Basic Term" for each Item of Equipment means the period commencing on the Basic Term Commencement Date and ending on the first anniversary of such date unless renewed or earlier terminated in accordance with the provisions.

"Basic Term Commencement Date" for each Item of Equipment means October 20, 1995.

"Beneficiary" means Stellar Capital Corporation, and its successors and assigns as beneficiaries of Lessor under the Owner Trust Agreement.

"Beneficiary Funding Arrangement" means any liquidity facility of or credit enhancement provided to the Beneficiary or with respect to Commercial Paper Notes or any participation arrangements in any such liquidity facility or credit enhancement, relating to this Lease or the funding of the Beneficiary's interest in this Lease or in its interest in the trust estate created under the Owner Trust Agreement.

"Business Day" means any day other than a day on which banking institutions in the State of New York, the State of Arkansas and the State of Connecticut are authorized or required by law to close and, if the LIBO Rate is then the selected basis for calculating Basic Rent, a day on which dealings in Dollars are carried on in the London interbank market.

"Casualty Loss Value" of each Item of Equipment as of any Casualty Loss Value Payment Date means an amount determined by multiplying the Acquisition Cost of such Item of Equipment by the percentage set forth opposite such Casualty Loss Value Payment Date on the Schedule of Casualty Loss Values attached to the Lease Supplement for such Item.

"Casualty Loss Value Payment Date" of each Item of Equipment shall mean the Basic Term Commencement Date for such

Item and the Rent Payment Date next following the date of the Event of Loss applicable to such Item (or the last day of the Term if there is no succeeding Rent Payment Date) and shall be as set forth in the Schedule of Casualty Loss Values attached to the Lease Supplement for such Item.

"Closing Date" means the date of the execution and delivery of this Lease by the parties hereto.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, or any comparable successor law.

"Commercial Paper Notes" means short-term promissory notes issued or to be issued by a Beneficiary to fund its investments in financial assets.

"Commercial Paper Rate" with respect to any Rental Period, means the sum of (a) the rate equivalent to the rate (or if more than one rate, the weighted average of the rates) at which Commercial Paper Notes of the Beneficiary having a term equal to the Rental Period have been sold by any placement agent or commercial paper dealer selected by Beneficiary, as agreed between each such dealer or agent and the Beneficiary, plus (b) the Applicable Margin for the Rent Payment Date relating to such Rental Period plus (c) the commissions and charges charged by such placement agent or dealer with respect to such Commercial Paper Notes, all expressed as an annual percentage rate calculated to the fourth decimal place (provided that if the rate or rates and/or commissions and charges with regard to any Rental Period is a discount rate or rates, the rate for purposes of this clause shall be the rate (or if more than one rate, the weighted average of the rates) resulting from converting such discount rate or rates to an interest-bearing equivalent rate per annum).

"Consolidated Tangible Net Worth" or "Tangible Net Worth" shall mean the total of the par value of, or stated capital represented by, common stock and any other class or series of capital stock of Lessee (after deduction for treasury stock), additional paid-in-capital and retained earnings or deficit of Lessee, determined in accordance with generally accepted accounting principles consistently applied, minus the following items (without duplication of deductions), if any, appearing on the balance sheet of Lessee: (i) the book value of all assets (including, without limitation, goodwill) which would be treated as intangibles under generally accepted accounting principles consistently applied; and (ii) any write-up in the book amount of any existing asset resulting from a re-evaluation thereof from the book amount entered upon acquisition in excess of that permitted under generally accepted accounting principles consistently applied.

"Debt" means, for any Person:

(i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services,

(ii) all obligations of such Person under any conditional sale or other title retention agreement relating to property purchased by such Person,

(iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on any property owned by such Person, whether or not such indebtedness has been assumed,

(iv) all obligations of such Person as lessee under leases that have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, and

(v) all obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (i) through (iv) above.

"Deemed Event of Loss" shall mean any of the following events which occur at any time during the Term:

(i) either Lessor, Beneficiary or any of their respective Affiliates, by reason of the ownership of the Equipment or any part thereof or the lease of the Equipment to Lessee under this Lease or any other transaction contemplated by this Lease or any of the other documents executed and delivered in connection herewith, shall be deemed, by any Governmental Authority having jurisdiction, to be, or to be subject to regulation as an "electric utility", a "gas utility" or a "public utility" or a "public utility holding company" or an "affiliate" of any of the foregoing or similar term, under any Applicable Law or deemed a "public utility company" or a "subsidiary company" or a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended (the "35 Act"),

(ii) the legality, validity and enforceability of the lease obligations of Lessor and Lessee under this Lease shall be contested or challenged by the Securities and Exchange Commission under the 35 Act,

(iii) either Lessor, Beneficiary or any Assignee by reason of their respective interests in the Equipment or any part thereof or by virtue of the lease of the Equipment to Lessee under this Lease (a) shall be deemed by any Governmental Authority to be required to obtain any consent, order or approval of, or to make any filing or registration, or to give any notice to, such Governmental Authority other than those which are merely administrative in nature or not otherwise materially burdensome, or (b) shall be deemed by the SEC to be subject to any liabilities, duties or obligations under the 35 Act; provided, however, that (A) if Lessee or Lessor shall be permitted to contest or to assert an exemption from the requirements of Applicable Laws described in clauses (i), (ii) or (iii), that would otherwise constitute a Deemed Event of Loss, and (B) Lessee, with the cooperation of Lessor, shall have acted diligently and in good faith to contest or obtain an exemption from the requirements of Applicable Laws described in clauses (i), (ii) or (iii) that would otherwise constitute a Deemed Event of Loss, then such Deemed Event of Loss shall be deemed not to have occurred for such period as is permitted for the assertion of such contest or exemption under such Applicable Laws, so long as (C) Lessee shall have furnished to Lessor an opinion of independent counsel in form and substance satisfactory to Lessor, to the effect that there exists substantial authority for such contest or exemption and that a determination under such Applicable Laws shall be effectively stayed during the application for exemption or contest and shall not be subject to retroactive effect at the conclusion of such contest, (D) Lessor, Beneficiary or any of their respective Affiliates shall have determined in their sole discretion that such contest or exemption shall not adversely affect their rights under this Lease or to the Equipment, or involve any danger of the sale, foreclosure or loss of, or creation of a lien or encumbrance upon, their rights under this Lease or the Equipment, and (E) Lessee shall have agreed to indemnify Lessor and its Affiliates for Expenses incurred in connection with such contest or exemption, or

(iv) Lessee shall fail to have, as of the last day of any fiscal quarter, a Total Equity Ratio equal to or exceeding 30%.

"Default" means any condition or event that after notice or lapse of time or both would constitute an Event of Default.

"Disclosure Documents" means Lessee's (i) Annual Report on Form 10-K for the year ended December 31, 1994, and (ii)

Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.

"Equipment" means the Johnstown American aluminum-sided rotary dump gondola railcars of the type(s) described on each consecutively numbered Lease Supplement now or hereafter attached hereto and made a part hereof and leased or to be leased by Lessor to Lessee hereunder or ordered by Lessor for lease to Lessee hereunder, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed therein which are the property of Lessor pursuant to the terms of this Lease.

"Equipment Documents" means the disclosure materials related to the description and specifications of the Equipment, as may be amended or supplemented from time to time, provided to Lessor by Lessee, and identified as such by the parties hereto on the Closing Date.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control within the meaning of the regulations under Section 414(b) or (c) of the Code as amended from time to time.

"ERISA Event" means (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC; (ii) the provision by the administrator of any Plan of notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (iii) the cessation of operations at a facility resulting in the termination of employment of more than 20% of the total number of participants in a Plan; (iv) the withdrawal by Lessee or an ERISA Affiliate of Lessee from a Multiemployer Plan during any plan year for which material liability may be incurred by Lessee or such ERISA Affiliate as a result of the imposition of any withdrawal liability (within the meaning of Section 4201 of ERISA); (v) the failure by Lessee or an ERISA Affiliate of Lessee to make a payment to a Plan required under Section 302(f)(1) of ERISA, which failure results in the imposition of a Lien for failure to make required payments; (vi) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (vii) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which might reasonably be expected to constitute

grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

"Estimated Residual Value" for any Item of Equipment shall mean an amount obtained by multiplying (i) the percentage set forth in the Lease Supplement for such Item under the caption "Estimated Residual Value Percentage" applicable to the Basic Term or Renewal Term then ending, by (ii) the Acquisition Cost for such Item.

"Event of Default" means any of the events referred to in Section 22 hereof.

"Event of Loss" with respect to any Item of Equipment means (i) the permanent loss of such Item of Equipment or any substantial part thereof, or (ii) the loss of the use of such Item of Equipment due to theft or disappearance for a period in excess of thirty (30) days after any Responsible Officer gains or should have gained actual knowledge of such loss during the Term, or existing at the expiration or earlier termination of the Term, or (iii) the destruction, damage beyond repair, or rendition of such Item of Equipment or any substantial part thereof permanently unfit for normal use for any reason whatsoever, or (iv) the condemnation, confiscation, seizure, or requisition of title to such Item of Equipment or any substantial part thereof by any Governmental Authority under the power of eminent domain or otherwise, or (v) the requisition of use of such Item of Equipment for a period in excess of the shorter of one hundred eighty (180) consecutive days, the remainder of the Basic Term or any Renewal Term (unless Lessee has elected to renew this Lease beyond the period of such requisition) or the remainder of the Maximum Term, or (vi) as a result of any rule, regulation, order or other action by any Governmental Authority, the use of such Item in the normal course of transportation shall have been prohibited for a continuous period of six months or (vii) a Deemed Event of Loss.

"Expenses" shall mean liabilities, obligations, losses (excluding loss of anticipated profits), damages, claims, actions, suits, judgments, out-of-pocket costs, expenses and disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of quotations for such day on such transactions received by The Bank of Tokyo, Ltd., New York

Agency, from three Federal funds brokers of recognized standing selected by it. Absent manifest error or malfeasance, the determination of the Federal Funds Effective Rate by The Bank of Tokyo, Ltd., New York Agency shall be binding on the parties hereto.

"Fixed Rent" means, with respect to each Item of Equipment and with respect to each Rent Payment Date, 1.5% of the Acquisition Cost of such Item of Equipment.

"Funding" means the payment of the aggregate Acquisition Cost for Equipment by Lessor on any one date.

"Funding Date" means each date on which a Funding occurs.

"Funding Office" means the office of Lessor (or the Beneficiary, or the Eurodollar funding office of any Affected Party) hereafter identified in writing as its Funding Office.

"Governmental Authority" shall mean any Federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court.

"[I]ncluding" means including, without limitation.

"Interim Rent" means the rent payable for each Item of Equipment for the Interim Term thereof pursuant to Section 7(a) hereof.

"Interim Term" for each Item of Equipment means the period commencing on the Acceptance Date for such Item (unless the Acceptance Date is the Basic Term Commencement Date, in which case there shall be no Interim Term for such Item) and ending on the date immediately prior to the Basic Term Commencement Date.

"Internal Revenue Service" means the United States Internal Revenue Service or any successor agency or regulatory authority.

"Item of Equipment" or "Item" means one of the railcars more specifically described in the Lease Supplement, leased to Lessee hereunder, together with the related appurtenances, additions, improvements, equipment and replacements thereto.

"LC Event" means the receipt by Lessee of notice from the LC Issuer that LC Issuer has determined that (i) a Default or Event of Default shall exist under this Lease or (ii) Liens (other than those created by the Lease) exist on the Equipment, which notice shall state the LC Issuer's reasons for such

determination and shall be given at least seven (7) days prior to the Termination Date.

"LC Issuer" means BOT Financial Corporation, a Delaware corporation.

"Lease Supplement" means a Lease Supplement substantially in the form attached hereto as Exhibit B, to be executed by Lessor and Lessee with respect to each Item of Equipment as provided in Section 4 hereof, evidencing that such Item is leased hereunder.

"Letter of Credit" means the standby letter of credit dated as of the date hereof and issued by the LC Issuer to the Lessor.

"LIBO Rate" means a rate per annum equal to the sum of the LIBO Rate (Reserve Adjusted) for such Rental Period plus the Applicable Margin.

"LIBO Rate (Reserve Adjusted)" means relative to Rent to be paid based on the LIBO Rate, for any Rental Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined pursuant to the following formula:

$$\begin{array}{lcl} \text{LIBO Rate} & = & \text{LIBOR} \\ \text{(Reserve Adjusted)} & & \text{1.00 - LIBOR Reserve Percentage} \end{array}$$

The LIBO Rate (Reserve Adjusted) for any such Rental Period will be determined by the Beneficiary on the basis of the LIBOR Reserve Percentage in effect on, and the applicable LIBOR obtained by the Beneficiary, two Business Days before the first day of such Rental Period.

"LIBOR" means, relative to any Rental Period, (i) the rate quoted on Telerate Page 3750 as at or about 11:00 a.m., London time, two Business Days prior to the beginning of such Rental Period, in an amount approximately equal to the amount of Acquisition Cost of Equipment then subject to this Lease and for a period approximately equal to such Rental Period or (ii) in the event the rate quoted by Telerate is discontinued or the rate cannot otherwise be identified, the Beneficiary shall determine LIBOR based on the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to three major commercial banks selected by the Beneficiary in the London interbank market as at or about 11:00 a.m., London time, two Business Days prior to the beginning of such Rental Period for delivery on the first day of such Rental Period, and in an amount approximately equal to the amount of Acquisition Cost of

Equipment then subject to this Lease and for a period approximately equal to such Rental Period.

"LIBOR Reserve Percentage" means, relative to any Rental Period, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the Board of Governors of the Federal Reserve System and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the Board of Governors of the Federal Reserve System, having a term approximately equal or comparable to such Rental Period.

"Lien" means liens, mortgages, encumbrances, pledges, charges and security interests of any kind.

"Manufacturer" means, with respect to each Item of Equipment, the manufacturer or supplier thereof specified in the Lease Supplement with respect to such Item.

"Maximum Acquisition Cost" means \$116,000,000.

"Maximum Lessee Risk Amount" for any Item of Equipment shall mean the percentage set forth in the Lease Supplement for such Item under the caption "Maximum Lessee Risk Percentage" applicable to the Basic Term or Renewal Term then ending, multiplied by the Acquisition Cost for such Item.

"Maximum Lessor Risk Amount" for any Item of Equipment shall mean the percentage set forth in the Lease Supplement for such Item under the caption "Maximum Lessor Risk Percentage" applicable to the Basic Term or Renewal Term then ending, multiplied by the Acquisition Cost for such Item.

"Maximum Term" for each Item of Equipment shall mean 84 months after the Interim Term.

"Minimum Equipment Holdings" means, after the Basic Term Commencement Date, the minimum number of Items of Equipment equal to 50% of the number of Items subject to the Lease on the Basic Term Commencement Date.

"Multiemployer Plan" shall have the meaning assigned to the term "multiemployer plan" in Section 3(37) of ERISA.

"Owner Trust Agreement" means the Trust Agreement, dated as of June 16, 1995, between the Trustee and the

Beneficiary, as it may be amended or supplemented from time to time.

"Owner Trustee" means Shawmut Bank Connecticut, National Association, a national banking association, in its capacity as owner trustee under the Owner Trust Agreement, and any successor thereto in such capacity.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor entity) established under ERISA.

"Permitted Liens" shall mean:

(i) any rights in favor of Lessor under the transaction documents and any rights of any persons entitled to use of the Equipment in accordance with the Lease;

(ii) any Lien on Lessee's leasehold interest in the Equipment contained in mortgages granted by Lessee which cover after-acquired property of Lessee and which otherwise subject all or substantially all of Lessee's assets to such mortgage and provided that any such Lien is subordinate to the rights of Lessor hereunder;

(iii) any Lien, claim, security interest or encumbrance (including, without limitation, Liens of landlords, carriers, warehousemen, mechanics or materialmen) in favor of any person securing payment of the price of goods or services provided in the ordinary course of business for amounts the payment of which is not overdue or is being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted, so long as such proceedings do not involve any reasonable danger of sale, forfeiture or loss of all or any material part of the Equipment and do not materially adversely affect any Lien created in favor of Lessor under the Lease;

(iv) any Lien arising out of any act of, or any failure to act by, or any claim (including any claim for taxes) against, Lessor, Shawmut, the Beneficiary or any of their respective Affiliates which is unrelated to the transactions contemplated by the Lease or any Lien arising out of any breach by Lessor, Shawmut, the Beneficiary or any of their respective Affiliates of their obligations under the transaction documents;

(v) any Lien for current taxes, assessments or other governmental charges which are not delinquent or the validity of which is being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted so long as such proceedings do not involve any reasonable danger of sale, forfeiture or loss of all or any material part of the Equipment

and do not materially adversely affect any Lien in favor of Lessor under the Lease; and

(vi) attachments, judgements and other similar Liens arising in connection with court proceedings, provided that within sixty (60) days of the attachment thereof (or five (5) days prior to any execution or sale pursuant thereto), the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being contested in good faith and by appropriate proceedings.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"Plan" shall mean (a) with respect to Lessee, any plan described in Section 4021(a) of ERISA and not excluded pursuant to Section 4021(b) thereof, under which Lessee or any ERISA Affiliate of Lessee has any liability, and (b) with respect to any other person, any employee benefit plan or other plan established or maintained by such person for the benefit of such person's employees and to which Title IV of ERISA applies.

"Remarketing Period" shall have the meaning given to such term in Section 28(c) hereof.

"Renewal Term" for each Item of Equipment means each one (1) year period (not to exceed six (6) consecutive one (1) year periods) following the end of the Basic Term for such Item with respect to which Lessee has the option to renew this Lease pursuant to Section 28(a) hereof. Notwithstanding anything to the contrary which may be contained in this Lease, the Term of this Lease with respect to any Item of Equipment shall in no event exceed a period of seven (7) years commencing on the Basic Term Commencement Date.

"Rent" means Interim Rent and Basic Rent.

"Rent Payment Date" shall mean each quarterly date (except in the case of the Interim Term, it shall mean the Basic Term Commencement Date) set forth as such in Schedule I hereto (the "Scheduled Rent Payment Date"); provided, however, that if such Scheduled Rent Payment Date is not a Business Day, the Rent Payment Date shall be the next succeeding Business Day, unless such succeeding day occurs in a different month than the Scheduled Rent Payment Date, in which case the Rent Payment Date shall be the last Business Day that occurs in the same month as the Scheduled Rent Payment Date.

"Rental Period" for each Item of Equipment means (i) for the Interim Term of such Item, the period from and inclusive of the Acceptance Date for such Item to and excluding the day which is two (2) Business Days after the Basic Term Commencement Date for such Item and (ii) for the Basic Term and for each Renewal Term, if any, of such Item, each period beginning on (and including) the day which is two (2) Business Days after the last day of the preceding Rental Period and ending on (but excluding) the day which is two (2) Business Days after the next succeeding Rent Payment Date.

"Responsible Officer" means, with respect to the subject matter of any covenant, agreement or obligation of any Person contained herein in the related transaction documents, the President, any Vice President, the Chief Financial Officer or the Treasurer who, in the normal performance of such person's operational responsibility, would have knowledge of such matter and the requirements with respect thereto.

"SEC" means the United States Securities and Exchange Commission or any successor agency or regulatory authority.

"Shawmut" means Shawmut Bank Connecticut, National Association, or any successor to Shawmut as Owner Trustee, in Shawmut's or such successor's individual capacity.

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including payments of Casualty Loss Value and any indemnities that may become payable by Lessee hereunder, but excluding Basic Rent and Interim Rent.

"Term" means the full term of the Lease with respect to each Item of Equipment, including the Interim Term (if any), the Basic Term, and each Renewal Term.

"Termination Date", for any Item of Equipment, means the last day of the Basic Term of such Item, or if the Term of such Item has been renewed pursuant to Section 28(a), the last day of the Renewal Term of such Item.

"Total Equity Ratio" means Total Equity of Lessee as a percentage of the Total Capitalization of Lessee. As used in this definition, (i) "Total Equity" of Lessee shall mean, at any time in question, the total of the par value of, or stated capital represented by, common stock and any other class or series of capital stock of Lessee (after deduction for treasury stock), additional paid-in-capital and retained earnings or deficit, determined in accordance with generally accepted accounting principles; (ii) "Total Capitalization" of Lessee shall mean, as of such time, an amount equal to the sum of (a)

Total Equity plus (b) all Debt of Lessee (other than Short-Term Debt); and (iii) "Short-Term Debt" of Lessee shall mean the principal amount of Debt of Lessee which matures by its terms not more than twelve (12) months after the date of the creation or incurrence thereof, and which is not renewable or extendable at the sole option of Lessee for a period of more than twelve (12) months from the date of the creation or incurrence thereof. In determining the retained earnings or deficit of Lessee for purposes of this definition, no deduction or adjustment shall be made for or in respect of any charges which under sound utility accounting practice are not appropriate deductions in determining retained earnings or deficits and, without limiting the generality of the foregoing, no deduction or adjustment shall be made for or in respect of (a) expenses in connection with the issuance of securities to redeem or retire securities of Lessee, and expenses in connection with the redemption or retirement of any securities issued by Lessee, including any amount paid in excess of the principal amount or par or stated value of securities redeemed or retired or, in the event that such redemption or retirement is effected with the proceeds of a sale of other securities of Lessee, interest or dividends on the securities redeemed or retired from the date on which the funds required for such redemption or retirement are deposited in trust for such purpose to the date of redemption or retirement; (b) profits or losses from sales of property or other capital assets, or taxes on or in respect of any such profits; (c) any change in the book value of, or any appreciation or depreciation in the value of, any assets owned by Lessee; or (d) any retained earnings adjustment (including tax adjustments) to Total Equity applicable to any period prior to March 31, 1995.

"Transaction Expenses" means all costs and expenses incurred in connection with the preparation, execution and delivery of the Lease and the transaction documents and the transactions contemplated thereby including without limitation:

(a) the reasonable fees, out-of-pocket expenses and disbursements of counsel for each of Lessor (including Owner Trustee fees), Beneficiary and LC Issuer and Lessee in negotiating the terms of the transaction documents, including this Lease, the Lease Supplements, the Letter of Credit, and any documents, agreements and instruments necessary to consummate the transactions contemplated thereby and the syndication or participation arrangements entered into by Beneficiary or The Bank of Tokyo, Limited, New York Agency, in connection with any liquidity or credit facilities to support the Beneficiary's funding of its beneficial interest in the Trust and the assets thereof, preparing for the closing under, and rendering opinions in connection with, such transactions and in rendering other services customary for counsel representing parties to transactions contemplated by such transaction documents;

(b) the reasonable fees, out-of-pocket expenses and disbursements of any law firm or other external counsel, and (without duplication) the reasonable allocated cost of internal legal services and all disbursements of internal counsel of Lessor, Beneficiary and LC Issuer in connection with (1) any amendment, supplement, waiver or consent with respect to any transaction documents requested or approved by Lessee and (2) any enforcement of any rights or remedies against Lessee in respect of such transaction documents;

(c) any other reasonable fees, out-of-pocket expenses, disbursements or costs of Lessor or Shawmut (including all compensation and expenses described in Article VII of the Owner Trust Agreement), Beneficiary and LC Issuer related to such transaction documents and the transactions contemplated thereby;

(d) any and all taxes and fees incurred in recording, registering or filing any transaction document, any deed, declaration, mortgage, security agreement, notice or financing statement with any public office, registry or governmental agency in connection with the transactions contemplated by the transaction documents; and

(e) all fees payable to BOT Financial Corporation contemplated by the letter agreement dated April 17, 1995 and executed April 18, 1995.

"Variable Rate Percentage" for any day in a Rental Period means a per annum rate equal to (A) if Commercial Paper Notes are issued by the Beneficiary to fund or refund the Acquisition Cost of Equipment subject to this Lease, the Commercial Paper Rate, (B) if no Commercial Paper Rate is quoted by The Bank of Tokyo Trust Company or the commercial paper markets are determined in the reasonable judgment of Beneficiary to be unavailable, the LIBO Rate, (C) if so elected by Lessee, in accordance with Section 7 (e) of this Lease, the LIBO Rate, or (D) if LIBO Rate would otherwise be applicable and is not available in accordance with Section 33 hereof or cannot otherwise be obtained, the Alternate Base Rate.

The words "this Lease", "herein", "hereunder", "hereof" or other like words mean and include this Equipment Leasing Agreement, each Lease Supplement, and each schedule, attachment, amendment and supplement hereto and thereto.

2. Agreement for Purchase and Lease of Equipment.

(a) Purchase. Subject to the terms and conditions of this Lease, on each Acceptance Date Lessor shall purchase the Items of Equipment listed on the Lease Supplement delivered on such Acceptance Date for the aggregate Acquisition Cost from

Manufacturer specified in such Lease Supplement. Lessor will pay the Acquisition Cost to Manufacturer and the other Persons to be paid that portion of Acquisition Cost constituting Transaction Expenses (to the extent invoiced) on such Acceptance Date by wire transfer of immediately available funds to such account in the United States as designated in writing to Lessor at least two (2) Business Days prior to such Acceptance Date.

(b) Lease. Subject to, and upon all of the terms and conditions of this Lease, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor each Item of Equipment listed on such Lease Supplement referred to in Section 2(a) for the Term with respect to such Item. Provided that no Event of Default has occurred and is continuing hereunder, neither Lessor nor anyone claiming through or under Lessor, shall interfere with Lessee's quiet enjoyment and use of any Item of Equipment leased hereunder during the Term hereof.

3. Conditions Precedent. Lessor shall have no obligation to purchase any Item of Equipment and to lease the same to Lessee unless each of the following conditions are fulfilled to the satisfaction of Lessor:

(i) no event which is a Default or an Event of Default has occurred and is continuing, nor has it come to Lessor's attention that Lessee has or intends to repudiate any of its material obligations under this Lease;

(ii) no material adverse change in the financial condition of Lessee which, in Lessor's reasonable opinion, would impair the ability of Lessee to pay and perform its obligations under this Lease has occurred, except as expressly contemplated and disclosed under the Disclosure Documents, since the date of the Disclosure Documents;

(iii) such Item of Equipment shall be free from material damage and, be acceptable to Lessor, and free of all Liens, other than any Permitted Lien;

(iv) the Acceptance Date for such Item of Equipment is a date within the Acquisition Period;

(v) after giving effect to such purchase, the aggregate Acquisition Cost of all Equipment subject to this Lease shall not exceed the Maximum Acquisition Cost;

(vi) Lessor shall have received an invoice or a bill of sale for such Item of Equipment from the seller thereof, approved for payment by Lessee, showing Lessor as the purchaser of such Item, or, if Lessee is the seller of such Item, a bill of sale for such Item from Lessee to Lessor in

form and substance satisfactory to Lessor, together with evidence, satisfactory to Lessor, of Lessee's payment to the original seller of such Item;

(vii) Lessor shall have received a Lease Supplement for such Item, duly executed by Lessee, and dated the Acceptance Date for such Item;

(viii) this Lease, each Lease Supplement, and any schedules, attachments, amendments or supplements thereto, shall have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303;

(ix) all material licenses, registrations, permits, consents and approvals required by Federal, state or local laws or by any governmental body, agency or authority in connection with Lessor's ownership of, and the delivery, acquisition, installation, use and operation of, each Item of Equipment shall have been obtained to the satisfaction of Lessor;

(x) Lessor shall have received a written opinion of Reid & Priest LLP, counsel to Lessee, in form and substance satisfactory to Lessor;

(xi) Lessor shall have received: (1) a copy of Lessee's articles of incorporation, certified by the Secretary of State of the State of Arkansas, no earlier than the tenth (10th) day prior to the Closing Date, and bylaws, accompanied by a Secretary's Certificate, dated the Closing Date stating that such articles of incorporation and bylaws are in full force and effect and have not been amended since the date thereof; (2) a certificate of existence and good standing from the Secretary of State of Arkansas, each dated no earlier than the tenth (10th) day prior to the Closing Date, with respect to Lessee; and (3) a copy of resolutions of Lessee's board of directors authorizing the execution, delivery and performance by Lessee of this Lease and each of the documents, instruments and agreements required or contemplated hereby or thereby to which it is or will be a party, accompanied by a Secretary's Certificate (A) stating that each such resolution is in full force and effect and has not been amended since the date of its adoption and (B) certifying as to the incumbency and specimen signatures of the officers of Lessee who are authorized to execute and deliver on behalf of Lessee this Lease and the documents, instruments and agreements contemplated hereby;

(xii) Lessor and the Beneficiary shall have received a fully executed Funding Notice;

(xiii) Lessor and the Beneficiary shall have received a certificate from a Responsible Officer of Lessee to the effect that the representations and warranties of Lessee contained herein and in any certificate of Lessee delivered pursuant hereto shall be true and correct on and as of such Funding Date with the same effect as though made on and as of such Funding Date;

(xiv) Lessor shall have received certificates of insurance, loss payable endorsements and other evidence that Lessee has complied with the provisions of Section 17;

(xv) Lessor shall have received evidence satisfactory to it that appropriate instruments have been filed in all jurisdictions necessary to perfect properly the security interest in the Equipment and other collateral created by this Lease (including, without limitation, Section 9), subject to no recorded Liens with respect to the Equipment other than Permitted Liens and such collateral in such jurisdictions; and

(xvi) Lessor shall have received such other documents, appraisals, opinions, certificates and waivers, in form and substance satisfactory to Lessor, as Lessor may require.

4. Delivery, Acceptance and Leasing of Equipment; Funding.

(a) Delivery, Acceptance and Leasing. Lessor shall not be liable to Lessee for any failure or delay in obtaining any Item of Equipment or making delivery thereof. Forthwith upon delivery of each Item of Equipment to Lessee, Lessee or its agents will inspect such Item, and unless Lessee gives Lessor prompt written notice of any defect in or other proper objection to such Item, Lessee shall promptly upon completion of such inspection execute and deliver to Lessor a Lease Supplement for such Item, dated the Acceptance Date of such Item. **The execution by Lessor and Lessee of a Lease Supplement for an Item of Equipment shall (a) evidence that such Item is leased under, and is subject to all of the terms, provisions and conditions of, this Lease, and (b) constitute Lessee's unconditional and irrevocable acceptance of such Item for all purposes of this Lease.**

(b) Funding. Each Funding shall be made on notice from Lessee to Lessor and the Beneficiary received by Lessor and the Beneficiary not later than three (3) Business Days prior to the proposed Funding Date; provided that (i) each Funding shall be for an aggregate Acquisition Cost of at least \$10,000,000 or such lesser amount which shall be acceptable to Lessee, Lessor and Beneficiary, (ii) the aggregate of all Acquisition Costs paid for by Lessor, after giving effect to such Funding, shall not

exceed the Maximum Acquisition Cost and (iii) each Funding shall occur on a Business Day prior to or on the last day of the Acquisition Period. Each such notice of Funding shall be in the form of Exhibit B (each a "Funding Notice"), and shall specify the date of the proposed Funding, the aggregate Acquisition Cost (including approved Transaction Expenses) to be funded on such date and the list of Equipment to be funded by Lessor on such date, and shall be accompanied by the Manufacturer's invoices and/or bills of sale for the Equipment to be funded and, if requested by Lessor, by a computer disk containing such information formatted in a manner reasonably required by Lessor.

(c) Characterization. As further described herein, Lessee, Lessor and Beneficiary hereby agree to treat the arrangement created pursuant to this Lease as a financing or conditional sale for Federal income tax purposes.

5. Term. The Interim Term (if any) for each Item of Equipment shall commence on the Acceptance Date thereof, and, unless sooner terminated pursuant to the provisions hereof, shall end on the date immediately prior to the Basic Term Commencement Date thereof. The Basic Term for each Item of Equipment shall commence on the Basic Term Commencement Date thereof and, unless this Lease is sooner terminated with respect to such Item (or all Equipment) pursuant to the provisions hereof, shall end on the date specified therefor in the Lease Supplement for such Item. If not sooner terminated pursuant to the provisions hereof, the Term for each Item of Equipment shall end on the last day of the Basic Term thereof, or if this Lease is renewed pursuant to Section 28(a) hereof, on the last day of the last Renewal Term thereof.

6. Return of Equipment. Upon the expiration or earlier termination of the Term with respect to each Item of Equipment (unless Lessee has exercised its purchase option with respect thereto pursuant to Section 28(b) hereof or a third party sale thereof has been consummated on the Termination Date with respect thereto pursuant to Section 28(c) hereof), Lessee will, at its expense, surrender and deliver possession of each Item of Equipment to Lessor or Lessor's agent at such location along the rail route then used by Lessee in the ordinary usage of the Equipment as shall be designated by Lessor in writing, or in the absence of such designation, at the then location of each such Item. At the time of such return to Lessor, each Item of Equipment (and each part or component thereof) shall:

(i) be in as good condition, state of repair and appearance as when delivered to Lessee hereunder, ordinary wear and tear excepted and not in immediate need of any further repair or reconditioning,

(ii) comply with all laws and rules referred to in Sections 10 and 11 hereof,

(iii) conform to and comply with all applicable Department of Transportation, Federal Railroad Administration (or any successor agency) safety rules and regulations,

(iv) be suitable for interchange under the rules of the Association of American Railroads and Federal Railroad Administration (or any successor agency) rules and regulations, to the extent the Equipment was originally designed and approved,

(v) have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 12 hereof and have had removed therefrom in a workmanlike manner if so requested by Lessor or any Assignee at Lessee's expense (A) any addition, modification or improvement which, as provided in Section 12 hereof, is owned by Lessee, and (B) any insignia or marking permitted pursuant to Section 13 hereof,

(vi) be suitable for loading coal,

(vii) be free from all material accumulations or deposits from commodities transported in or on it while in the service of Lessee and be free of corrosion, ordinary wear and tear excepted,

(viii) shall not have any missing or damaged parts or any structural or mechanical damage on any surface or device, ordinary wear and tear excepted, and

(ix) be free and clear of all Liens, other than a Lien described in clause (iv) of the definition of Permitted Liens.

Lessee shall pay for any repairs necessary to restore any Item of Equipment to the condition required by the preceding sentence. For the purpose of delivering possession of any Items of Equipment as above required, Lessee shall at its own cost, expense and risk:

(I) forthwith and in the usual manner (including, but not by way of limitation, to the extent legally required by applicable law, rules or regulations to protect Lessor's or any Assignee's interest in the Items of Equipment) give prompt electronic and written notice to all railroads to which any Items of Equipment have been interchanged or which may have possession thereof to return the Items of Equipment and place such Items of Equipment upon such storage tracks

The provisions of this Section 6 are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee set forth in this Section 6.

7. Rent.

(a) Interim Rent. Lessee hereby agrees to pay Lessor Interim Rent in arrears for each Item of Equipment as to which there is an Interim Term, payable on the Rent Payment Date of the Interim Term for such Item, in the amount obtained by multiplying (i) the Acquisition Cost of such Item (as set forth in the applicable Lease Supplement) by (ii) the Variable Rate Percentage, by (iii) the number of days from and including the Acceptance Date for such Item (as set forth in the applicable Lease Supplement) through the end of the Rental Period for the Interim Term for such Item by (iv) 1/360.

(b) Basic Rent. Lessee hereby agrees to pay Lessor Basic Rent quarterly, in arrears, for each Item of Equipment during the Basic Term thereof on each Rent Payment Date during the Basic Term in the sum of (i) the Fixed Rent payable with respect to such Rent Payment Date plus (ii) an amount obtained by multiplying (w) the Casualty Loss Value for such Item of Equipment (as set forth in the applicable Lease Supplement) with respect to the immediately preceding Rent Payment Date by (x) the Variable Rate Percentage, by (y) the number of days in the Rental Period by (z) 1/360.

(c) Supplemental Payments. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments, promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee so to pay any such Supplemental Payment hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Rent.

(d) Method of Payment. All payments of Rent and Supplemental Payments required to be made by Lessee to Lessor shall be made by wire transfer of immediately available funds no later than 12:00 p.m., New York City time, to the account designated by Lessor. If the date that any payment of Rent is due is other than a Business Day the payment of Rent otherwise payable on such date shall be payable on the next succeeding Business Day. In the event of any assignment to an Assignee pursuant to Section 14(b) hereof, all payments which are assigned to such Assignee, whether Rent, Supplemental Payments or otherwise, shall be paid by wire transfer of immediately available funds to an account designated by Lessor as shall be

designated by the Person entitled to receipt thereof. All payments of Rent required to be made by Lessee to Lessor hereunder shall be paid to Lessor at its address specified at the beginning of this Lease or at such other address as Lessor may hereafter designate in writing to Lessee.

(e) Variable Rent Percentage. For the purposes of this Section 7, and subject to the terms and conditions of this clause (e), Lessee may at its option elect to have the Variable Rate Percentage determined by reference to the LIBO Rate upon the downgrade of Beneficiary's Commercial Paper Notes to a rating below A-1 by Standard & Poor's Ratings Group or below Prime-1 by Moody's Investors Service, Inc. Lessee may elect such option by prior written notice to Lessor and Beneficiary within thirty (30) days of the public announcement of such ratings. If Lessee elects the LIBO Rate in accordance herewith, such rate shall take effect upon the commencement of the next Rental Period and shall remain in effect for the balance of the Term.

8. Net Lease. This Lease is a net lease. Lessee acknowledges and agrees that its obligations hereunder, including, without limitation, its obligations to pay Rent for all Equipment leased hereunder and to pay all Supplemental Payments payable hereunder, shall be unconditional and irrevocable under any and all circumstances, shall not be subject to cancellation, termination, modification or repudiation by Lessee, and shall be paid and performed by Lessee without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any Assignee, any manufacturer or supplier of the Equipment or any Item thereof, or any other Person for any reason whatsoever, or any defect in the Equipment or any Item thereof, or the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, the Equipment or any Item thereof, or any Liens or rights of others with respect to the Equipment or any Item thereof, or any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Equipment or any Item thereof, for any reason whatsoever, or any interference with such use, operation or possession by any Person or entity, or any default by Lessor in the performance of any of its obligations herein contained, or any other indebtedness or liability, howsoever and whenever arising, of Lessor, or of any Assignee, or of Lessee to any other Person, or by reason of insolvency, bankruptcy or similar proceedings by or against Lessor, any Assignee or Lessee, or for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary

notwithstanding; it being the intention of the parties hereto that all Rent and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

9. Grant of Security Interest; Equipment to be and Remain Personal Property. This Lease is a lease intended as security. Lessee hereby grants to Lessor a security interest in the Equipment and all proceeds thereof as collateral security for the payment and performance by Lessee of Lessee's obligations as Lessee hereunder. It is the intention and understanding of both Lessor and Lessee, and Lessee shall take all such actions as may be required to assure, that the Equipment shall be and at all times remain personal property, notwithstanding the manner in which the Equipment may be attached or affixed to realty. Lessee shall obtain and record such instruments and take such steps as may be necessary to prevent any Person from acquiring any rights in the Equipment by reason of the Equipment being claimed or deemed to be real property.

10. Use of Equipment; Compliance with Laws. Lessee agrees that the Equipment will be used and operated solely in the conduct of its business or as otherwise provided by Section 14(a) hereof and in compliance with any and all applicable insurance policy terms, conditions and provisions and with all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of the Equipment, including, without limitation, the Association of American Railroads Interchange Rules, the rules and regulations of the Federal Railroad Administration, the United States Department of Transportation and the Interstate Commerce Commission, and environmental, noise and pollution laws (including notifications and reports); provided, however, that Lessee shall not be obligated to so comply with laws, rules or regulations (i) whose application or validity is being contested diligently and in good faith by appropriate proceedings, (ii) compliance with which shall have been excused or exempted by a nonconforming use permit, waiver, extension or forbearance exempting it from such laws, rules or regulations, (iii) failure to comply shall impose no risk of civil or criminal liability on Lessor, Beneficiary or the LC Issuer, or (iv) if in the opinion of counsel to Lessor or Beneficiary failure of compliance would impose no additional liability on Lessor or Beneficiary or material adverse consequences to Lessor's rights under this Lease or its interest in the Equipment or the Beneficiary's interest therein. Subject to the foregoing provisions, Lessee shall procure and maintain in effect all licenses, registrations, certificates, permits, approvals and consents required by Federal, state or local laws

or by any governmental body, agency or authority in connection with the ownership, delivery, installation, use and operation of each Item of Equipment, including, without limitation, those required by environmental, noise and pollution laws (including notifications and reports). The Equipment shall in no event be used or located outside of the continental limits of the United States. Lessee shall use and operate the Equipment or cause it to be used and operated only by personnel authorized by Lessee, and Lessee shall use every reasonable precaution to prevent loss or damage to each Item of Equipment from fire and other hazards. Lessee shall not use any Item of Equipment, or permit any Item of Equipment to be used, for the transportation or storage of any substance which is any substance which is specifically listed or designated as "oil" under Section 1001 of the Oil Pollution Act of 1990 and which is subject to the provisions of that Act or which is categorized as, or required to be labeled as, "poison" or "poisonous", "explosive" or "radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) under 49 CFR 171 or other applicable Federal rules in effect from time to time regulating the transportation of hazardous or toxic materials, including (without limitation) nuclear fuels, radioactive products, asbestos, PCB's or nuclear wastes, nor will Lessee permit the Equipment to engage in any unlawful trade or violate any law or carry any unlawful cargo that will expose the Equipment to penalty, forfeiture or capture, nor will Lessee do, or suffer or permit to be done, any act which can or may cause Lessor to become subject to Part III of the Interstate Commerce Act (49 U.S.C. 901 et seq.).

11. Maintenance and Repair of Equipment. Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, and in compliance with such maintenance and repair standards, ordinary wear and tear excepted, as set forth in the applicable Association of American Railroad and Federal Railroad Administration rules and regulations and as otherwise may be required to enforce warranty claims against each vendor and manufacturer of each Item of Equipment, and (except as otherwise permitted by Section 10 hereof) in compliance with all requirements of law applicable to the maintenance and condition of the Equipment, including, without limitation, environmental, noise and pollution laws and regulations (including notifications and reports), and suitable for interchange under the rules of the Association of American Railroads, to the extent the Equipment was originally designed and approved and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of the Equipment, and in the event that such laws or rules require any

alteration, replacement or addition of or to any part on any Equipment Lessee will conform therewith at its own expense. Lessee agrees to prepare and deliver to Lessor and any Assignee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor and any Assignee) any and all reports (other than income tax returns) to be filed by Lessor or any Assignee with any Federal, state or other regulatory authority by reason of the ownership by Lessor or any Assignee of the Items of Equipment or the leasing thereof to Lessee. Lessee agrees to maintain all records, logs and other materials required by the Association of American Railroads or the Department of Transportation, or any other governmental authority having jurisdiction over the Items of Equipment or Lessee, to be maintained in respect of each Item of Equipment. Lessee shall, at its own cost and expense, supply the necessary power and other items required in the operation of the Equipment. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of Lessor.

12. Replacements; Alterations; Modifications. In case any Item of Equipment (or any equipment, part or appliance therein) is required to be altered, added to, replaced or modified in order to comply with any laws, regulations, requirements or rules ("Required Alteration") pursuant to Sections 10 or 11 hereof, Lessee agrees to make such Required Alteration at its own expense and the same shall immediately be and become the property of Lessor and subject to the terms of this Lease. Lessee may make any optional alteration to any Item of Equipment ("Optional Alteration") provided such Optional Alteration does not impair the value, use or remaining useful life of such Item of Equipment. In the event such Optional Alteration is readily removable without causing material damage to the Item of Equipment, and is not a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Acceptance Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, any such Optional Alteration shall be and remain the property of Lessee. To the extent such Optional Alteration is not readily removable without causing material damage to the Item of Equipment to which such Optional Alteration has been made, or is a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Acceptance Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, the same shall immediately be and become the property of Lessor and subject to the terms of this Lease. Lessee agrees that, within thirty (30) days after the close of any calendar quarter in which Lessee has made any Required Alterations, Lessee

will give written notice thereof to Lessor describing, in reasonable detail, the Required Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made. Any parts installed or replacements made by Lessee upon any Item of Equipment pursuant to its obligation to maintain and keep the Equipment in good order, operating condition and repair under Section 11 hereof shall be considered accessions to such Item of Equipment and title thereto or security interest therein shall be immediately vested in Lessor. Except as required or permitted by the provisions of this Section 12, Lessee shall not modify an Item of Equipment without the prior written authority and approval of Lessor.

13. Identification Marks; Inspection. Lessee will cause each Item to be kept numbered with the identification number as shall be set forth on the Lease Supplement therefor, and Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item, in letters not less than one inch in height, the words "Ownership Subject to an Agreement Filed with the Interstate Commerce Commission", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and interests in such Item and the rights of Lessor and of any Assignee. Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. Lessee will not change the identification number of any Item unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Lessor and any Assignee and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) Lessee shall have furnished Lessor and any Assignee an opinion of counsel in form and substance satisfactory to Lessor and any Assignee to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's and any Assignee's interests in such Items and that no other filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of Lessor and any Assignee in such Item. The Items of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee. Lessee shall not allow the name of any Person, to be placed upon any Item of Equipment as a designation that might be interpreted as indicating a claim of ownership thereto or a security interest therein by any Person other than Lessor or any Assignee. Upon the request of Lessor, Lessee shall make the Equipment available to Lessor during normal business hours at a rail site reasonably acceptable to Lessor, in the absence of the occurrence and continuance of a Default or Event of Default, not more than once a year, for inspection (including, without limitation, the use of photographic and video equipment) and shall also make Lessee's records pertaining to the Equipment

available to Lessor for inspection; provided, however, in the event of a repudiation by Lessee of any of its material obligations under this Lease and during the Remarketing Period, Lessor shall have the right to conduct such an inspection at any time.

14. Assignment and Subleasing.

(a) By Lessee. Lessee may, without the prior written consent of Lessor sublease any Item of Equipment, provided, however, that the following conditions shall apply thereto: (i) any sublease shall be expressly subject to and subordinate to the terms and conditions of this Lease, including, without limitation, the Term of this Lease; (ii) LESSEE'S OBLIGATIONS UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT OF A SURETY; (iii) any sublease, which may by its terms extend beyond the Maximum Term of this Lease shall operate as an election of Lessee's purchase option with respect to each such Item of Equipment pursuant to Section 28(b) hereof and any sublease which by its terms extends beyond the Basic Term or Renewal Term then in effect but for a period which does not extend beyond the Maximum Term, shall operate as an election of Lessee's renewal option (to the extent available) with respect to such Item pursuant to Section 28(a) hereof; and Lessee shall provide Lessor and Beneficiary prompt written notice, not to exceed five (5) Business Days, of any such sublease of any Item of Equipment, which notice shall include the parties, terms and applicable Items of Equipment, subject to any such agreement or arrangement. LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, ASSIGN, TRANSFER OR ENCUMBER (EXCEPT AS OTHERWISE PERMITTED HEREBY) ITS RIGHTS, INTERESTS OR OBLIGATIONS UNDER THIS LEASE AND ANY SUCH ASSIGNMENT, TRANSFER OR ENCUMBERING (EXCEPT AS OTHERWISE PERMITTED HEREBY) BY LESSEE SHALL BE NULL AND VOID. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing hereunder, Lessee and its Affiliates shall be entitled to the possession and use of the Items of Equipment upon lines of railroad owned or operated by it or upon lines of railroad over which Lessee or its Affiliates has or have trackage or other operating rights or over which railroad equipment of Lessee or its Affiliates is operated pursuant to contract and shall be entitled to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, provided, that LESSEE'S OBLIGATIONS UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT OF A SURETY. Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items of Equipment.

(b) By Lessor. Lessor may, at any time, without notice to, or the consent of, Lessee sell, assign, transfer or grant a security interest in all or any part of Lessor's rights, obligations, title or interest in, to and under the Equipment or any Item(s) thereof, this Lease, any Lease Supplement and/or any Rent and Supplemental Payments payable under this Lease or any Lease Supplement. Any entity to whom any such sale, assignment, transfer or grant of security interest is made is herein called an "Assignee" and any such sale, assignment, transfer or grant of security interest is herein called an "assignment". An Assignee may re-assign and/or grant a security interest in any of such rights, obligations, title or interest assigned to such Assignee. Lessee agrees to execute related acknowledgments and other documents that may be reasonably requested by Lessor or an Assignee. Each Assignee shall have and may enforce all of the rights and benefits of Lessor hereunder with respect to the Item(s) of Equipment and related Lease Supplement(s) covered by the assignment, including, without limitation, the provisions of Section 8 hereof and Lessee's representations and warranties under Section 21 hereof. Lessee acknowledges that any such assignment will not materially change its duties or materially increase its burdens or risks hereunder. Each such assignment shall be subject to Lessee's rights hereunder so long as no Event of Default has occurred and is continuing hereunder. Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from Lessor or, in the case of a reassignment, from the Assignee. Upon written notice to Lessee of an assignment, Lessee agrees to pay the Rent and Supplemental Payments with respect to the Item(s) of Equipment covered by such assignment to such Assignee in accordance with the instructions specified in such notice without any abatement, defense, setoff, counterclaim or recoupment whatsoever, and to otherwise comply with all notices, directions and demands which may be given by Lessor or such Assignee with respect to such Item(s), in accordance with the provisions of this Lease. Notwithstanding any such assignment, all obligations of Lessor to Lessee under this Lease shall be and remain enforceable by Lessee against Lessor and any Assignee to whom an assignment has been made.

15. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to (i) the Equipment or any Item thereof, Lessor's title thereto or any interest therein, or (ii) this Lease or any of Lessor's interests hereunder, except in the case of either clause (i) or (ii), Permitted Liens. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep this Lease and the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor and each Assignee, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and each Assignee in writing promptly upon becoming aware of any tax or

other Lien (other than any Permitted Lien excepted above) that shall attach to the Equipment or any Item of Equipment, and of the full particulars thereof.

16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to each Item of Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to each Item of Equipment from the date of this Lease, and continuing until such Item of Equipment has been returned to Lessor in accordance with the provisions of Section 6 hereof or has been purchased by Lessee in accordance with the provisions of Section 28 hereof. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in whole or in part, any obligation of Lessee under this Lease, including, without limitation, the obligation to pay Rent.

(b) Payment of Casualty Loss Value Upon an Event of Loss. If an Event of Loss occurs with respect to an Item of Equipment during the Term thereof, Lessee shall give Lessor prompt written notice thereof and shall pay to Lessor on the Rent Payment Date next following the date of such Event of Loss (or on the last day of the Term if there is no succeeding Rent Payment Date) the sum of (i) all unpaid Interim Rent and Basic Rent payable for such Item of Equipment for any Rental Period in which the Event of Loss has occurred, plus (ii) the Casualty Loss Value of such Item of Equipment determined as of the Rent Payment Date next following the date of such Event of Loss, plus (iii) all other Supplemental Payments due for such Item of Equipment as of the date of payment of the amounts specified in the foregoing clauses (i) and (ii). Any payments received at any time by Lessor or by Lessee from any insurer or other party (except Lessee) as a result of the occurrence of such Event of Loss will be applied in reduction of Lessee's obligation to pay the foregoing amounts, if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such amount, unless an Event of Default shall have occurred and be continuing. Upon payment in full of such Casualty Loss Value, Basic Rent, Interim Rent (if applicable) and Supplemental Payments, (A) the obligation of Lessee to pay Rent hereunder with respect to such Item of Equipment shall terminate and the Term of such Item shall terminate, and (B) Lessor shall transfer to Lessee, "as is where is" without recourse or warranty except as to the absence of Liens described in clause (iv) of the definition of Permitted Liens, all of Lessor's right, title and interest in and to the Equipment.

(c) Application of Payments Not Relating to an Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any party with respect to any loss or damage to any Item or Items of Equipment not constituting an Event of Loss, will be applied directly in payment of repairs or for replacement of property in accordance with the provisions of Section 11 and 12 hereof, if not already paid by Lessee, or if already paid by Lessee and no Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with the provisions of said Sections with respect to such loss or damage shall be retained by Lessee.

17. Insurance. Lessee will at its sole expense and at all times during the Term or, if applicable, until all Items of Equipment are returned to Lessor or Lessor's agent pursuant to Section 6 hereof, whichever is longer, cause to be carried and maintained (i) public liability insurance with respect to third party personal injury and property damage in an amount per occurrence of not less than the sum of \$100,000,000 plus the applicable deductible and (ii) property insurance in respect of all Items of Equipment. Lessee will carry such insurance as is required hereunder in such amounts and for such risks consistent with prudent industry practice (which industry means utilities generating electrical power from coal fired stations and which own or use railcars for the transportation of coal to supply fuel thereto) and at least comparable in amounts and against risks customarily insured against by similar owners or lessees in respect of equipment owned or leased by it similar in nature to the Equipment. The proceeds of any such property insurance as is required hereunder shall be payable to Lessor, each Assignee and Lessee, as their respective interests may appear. Each policy required hereunder (i) shall provide thirty (30) days' prior notice of cancellation or material change and (ii) shall include Lessor, Beneficiary and each Assignee as additional insureds as their respective interests may appear, and Lessee shall endeavor to obtain a waiver by such insurance company of any right to claim any premiums or commissions against Lessor, Beneficiary and each Assignee. Prior to the first date of delivery of any Item of Equipment and thereafter not less than fifteen (15) days prior to the expiration dates of the expiring policies theretofore delivered, Lessee shall deliver to Lessor and each Assignee certificates of insurance issued by the insurer(s) for the insurance required to be maintained hereunder. Any certificate of insurance issued with respect to a blanket policy covering other equipment not subject to this Lease shall specifically describe the Equipment as being included therein and covered thereby to the full extent of the coverages and amounts required hereunder. If Lessee shall fail to cause the insurance required under this Section to be carried and maintained, Lessor or any Assignee may provide such insurance and Lessee shall reimburse

Lessor or any such Assignee, as the case may be, upon demand for the cost thereof as a Supplemental Payment hereunder.

18. General Tax Indemnity.

(a) Lessee agrees to pay, defend and indemnify and hold Lessor, Shawmut, Beneficiary, LC Issuer, each Assignee and their respective successors and assigns (an "Indemnatee") harmless on an After-Tax Basis from any and all Federal, state, local and foreign taxes, including, without limitation, sales and use taxes, fees, withholdings, levies, imposts, duties, ad valorem or property taxes, all license, franchise or registration fees, fines, tariffs, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, any Assignee, Lessee, the Equipment, any Item of Equipment, or any part thereof, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (i) the Equipment, or any Item of Equipment or any part thereof, (ii) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, subleasing, re-leasing, possession, use, maintenance, registration, re-registration, titling, re-titling, licensing, documentation, return, repossession, sale or other application or disposition of the Equipment, or any Item of Equipment or any part thereof, (iii) the rentals, receipts or earnings arising from the Equipment or any Item of Equipment or any part thereof, or (iv) this Lease, each Lease Supplement, the Rent and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to

(1) any federal, state, local or foreign tax or other imposition based on or measured by net income or in the nature of a net income tax or imposed in lieu of a net income tax, including, without limitation, any such franchise tax and any such similar tax based on capital, receipts, net worth or comparable basis of measurement;

(2) any tax or other impositions in respect of this Lease of any Item of Equipment that results from any act, event or omission that occurs after the termination of this Lease in respect of such Item of Equipment other than as expressly provided in Section 29(b) hereof;

(3) any tax or other impositions that are imposed on any Indemnatee as a result of the gross negligence or willful misconduct of such Indemnatee or its Affiliate;

(4) any tax or other impositions imposed on an Indemnatee that are a result of such Indemnatee not being a resident of, or not being organized under the laws of, the United States or any political subdivision thereof;

(5) any tax or other impositions that have not been paid and that are being contested in accordance with paragraph (b) hereof;

(6) any tax or other impositions that result from any voluntary transfer by an Indemnatee of any interest in an Item of Equipment or any interest arising under this Lease, or from any voluntary transfer of any interest in an Indemnatee, or from any involuntary transfer of any of the foregoing interests in connection with any bankruptcy or other proceeding for the relief of debtors in which such Indemnatee is the debtor or any foreclosure by a creditor of any Indemnatee (other than, in any case, any transfer in connection with the exercise by Lessee of its purchase option pursuant to Section 28(b) hereof or a sale of an Item of Equipment pursuant to Section 28(c), in connection with the occurrence of an Event of Default, or an Event of Loss or Deemed Event of Loss, or otherwise pursuant to this Lease); and

(7) any tax that is enacted or adopted as a substitute for or in lieu of any tax that would not have been indemnified against pursuant to Section 18(a).

Notwithstanding the foregoing provisions (1) through (7), (A) Lessee shall indemnify each Indemnatee for any taxes identified in provisos 1, 4 or 6 (or any increase in such taxes) imposed on an Indemnatee net of any decrease in such taxes realized by such Indemnatee, to the extent that such tax or tax increase would not have occurred if on each Acceptance Date Lessor had advanced funds to Lessee in the form of a loan secured by the Equipment in an amount equal to the amount funded on such Acceptance Date, with debt service for such loan equal to the Basic Rent payable on each Rent Payment Date and a principal balance at the maturity of such loan in an amount equal to the amount of the Acquisition Cost then outstanding at the end of the term of the Lease and (B) Lessee shall pay or reimburse, and indemnify and hold harmless, any Beneficiary which is not incorporated under the laws of the United States, or a state thereof, and which has complied with Section 18(c) hereof, from any deduction or withholding of any United States Federal income tax to the extent such deduction or withholding results from a change of treaty, law or regulation. Lessee will prepare and file any reports or returns required to be made with respect to any tax or other imposition for which Lessee is responsible, directly or indirectly, if permitted by applicable law to file the same, and if not so permitted, Lessee

shall prepare such reports or returns for signature by Lessor or, upon request of Lessor, will promptly provide Lessor with all information necessary for the making and timely filing of such reports or returns by Lessor, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to Lessor, at least ten (10) days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 18. All of the indemnities contained in this Section 18 in respect of (i) any act, event or omission that occurs on or prior to termination of this Lease and (ii) any sale described in Section 29(b) hereof shall continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to any Item (or all) of the Equipment, and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee.

(b) In the event any claim, action, proceeding or suit is brought against an Indemnatee with respect to which Lessee would be required to indemnify such Indemnatee, the Indemnatee shall promptly give written notice of any such claim, action, proceeding or suit to Lessee. Lessee may, and upon such indemnified party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and reasonably satisfactory to such indemnified party and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, attorney's fees and expenses) incurred by such indemnified party in connection with such action, suit or proceeding; provided, that the Lessee shall not settle any such actions for which it has assumed the responsibility of defense without consent of the Indemnatee (not unreasonably to be withheld) and provided further, that the failure of the Indemnatee to give such notice to Lessee shall not relieve Lessee from any of its obligations to provide indemnification under this Section 18, except to the extent that any amount for which indemnity is required hereunder is a result of such failure to give notice; provided, further, that Lessee shall be relieved of its obligations to provide indemnification under this Section 18, to the extent that such Indemnatee shall deliver to Lessee a written notice waiving the benefits of the indemnification of such Indemnatee provided by this Section 18 in connection with such claim, action, proceeding or suit.

(c) At least five (5) Business Days prior to the first date on which any payment is due hereunder for the account of the Beneficiary (or an Affected Party) not incorporated under the laws of the United States or a state thereof, such Beneficiary

(or an Affected Party) agrees that it will have delivered to each of Lessee and the Owner Trustee two (2) duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Beneficiary (or an Affected Party) is entitled to receive payments of interest and/or yield and a return of the principal amount of the Acquisition Cost under the transaction documents without deduction or withholding of any United States Federal income taxes. Each Beneficiary (or an Affected Party) which so delivers a Form 1001 or 4224 further undertakes to deliver to each of Lessee and the Owner Trustee two (2) additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one (1) calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by Lessee or the Owner Trustee, in each case certifying that such Beneficiary (or an Affected Party) is entitled to receive payments under the transaction documents without deduction or withholding of any United States Federal income taxes, unless any change in treaty, law or regulation has occurred prior to the date on which any delivery of such additional forms would otherwise be required which changes such Beneficiary's entitlement to receive any payments without withholding and such Beneficiary advises Lessee and the Owner Trustee that it is no longer entitled to receive payments without any withholding of United States Federal income tax.

19. Indemnification. Lessee hereby assumes liability for, and does hereby agree to indemnify, protect, save, defend, and hold harmless Lessor, Shawmut, Beneficiary, LC Issuer, each Assignee and their respective officers, directors, stockholders, successors, assigns, agents and servants (each such party being herein, for purposes of this Section 19, called an "indemnified party") on an After-Tax Basis from and against any and all obligations, fees (including switching fees), charges (including demurrage charges), liabilities, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses, including legal expenses, of every kind and nature whatsoever, imposed on, incurred by, or asserted against any indemnified party, in any way relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, delivery, leasing, subleasing, releasing, possession, use, operation, storage, removal, return, repossession, sale or other disposition of the Equipment or any Item of Equipment, or any part thereof, including, without limitation, any of such as may arise from the transactions contemplated by this Lease and the other transaction documents and (i) loss or damage to any property or death or injury to any persons, (ii) patent or latent defects in the Equipment (whether

or not discoverable by Lessee or any indemnified party), (iii) any claims based on strict liability in tort, and (iv) any claims based on patent, trademark, tradename or copyright infringement, and (v) any claims based upon any non-compliance with or violation of any environmental control, noise or pollution laws or requirements, including without limitation, fines and penalties arising from violations of or noncompliance with such requirements or failure to report discharges, and costs of clean-up of any discharge and (vi) any loss or damage to any commodities loaded or shipped in the Equipment; or (b) any failure on the part of Lessee to perform or comply with any of the terms of this Lease, (c) any power of attorney issued to Lessee, or (d) in the case of Shawmut, the administration of the Trust Estate (as defined in the Owner Trust Agreement). Lessee shall give each indemnified party prompt notice of any occurrence, event or condition known to Lessee as a consequence of which any indemnified party may be entitled to indemnification hereunder. Lessee shall forthwith upon demand of any such indemnified party reimburse such indemnified party for amounts reasonably expended by it in connection with any of the foregoing or pay such amounts directly; provided, however, that Lessee shall not be liable for any of the foregoing to the extent they arise from gross negligence or willful misconduct of any indemnified party. Lessee shall be subrogated to an indemnified party's rights in any matter with respect to which Lessee has actually reimbursed such indemnified party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 19. In case any action, suit or proceeding is brought against any indemnified party in connection with any claim indemnified against hereunder, such indemnified party will, promptly after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof in writing, enclosing a copy of all papers served upon such indemnified party. Lessee may, and upon such indemnified party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and reasonably satisfactory to such indemnified party and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, attorney's fees and expenses) incurred by such indemnified party in connection with such action, suit or proceeding; provided, that the Lessee shall not settle any such actions for which it has assumed the responsibility of defense without consent of the Indemnatee (not reasonably to be withheld) and provided further, that the failure of the indemnified party to give such notice to Lessee shall not relieve Lessee from any of its obligations to provide indemnification under this Section 19, except to the extent that any amount for which indemnity is required hereunder is a result of such failure to give notice; provided further, that Lessee shall be relieved of its obligations to provide indemnification under this Section 19 to

the extent that such indemnified party shall deliver to Lessee a written notice waiving the benefits of the indemnification of such indemnified party provided by this Section 19 in connection with such claim, action, proceeding or suit. The provisions of this Section 19, and the obligations of Lessee under this Section 19, shall apply from the date of the execution of this Lease notwithstanding that the Term may not have commenced with respect to any Item of Equipment, and shall survive and continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration of termination of the Term with respect to any Item (or all) of the Equipment, and are expressly made for the benefit of, and shall be enforceable by, each indemnified party.

20. NO WARRANTIES. LESSOR HEREBY LEASES THE EQUIPMENT TO LESSEE AS-IS AND EXPRESSLY DISCLAIMS AND MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF, OR ANY OTHER MATTER CONCERNING, THE EQUIPMENT. LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT OR INFRINGEMENT) IT MIGHT HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY THE EQUIPMENT OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER, INCLUDING COMPLIANCE WITH ENVIRONMENTAL LAWS. So long and only so long as an Event of Default shall not have occurred and be continuing, and so long and only so long as the Equipment shall be subject to this Lease and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's, vendor's or dealer's warranty on the Equipment or any part thereof; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization.

21. Lessee's Representations and Warranties. Lessee hereby represents and warrants that:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Arkansas, and is qualified to do business in, and is in good standing in, each state or other jurisdiction in which the nature of its business makes such qualification necessary;

(b) Lessee has the corporate power and authority to execute and perform this Lease and to lease the Equipment

hereunder, and has duly authorized the execution, delivery and performance of this Lease;

(c) the leasing of the Equipment from Lessor by Lessee, the execution and delivery of this Lease, each Lease Supplement, and other related instruments, documents and agreements, and the compliance by Lessee with the terms hereof and thereof, and the payments and performance by Lessee of all of its obligations hereunder and thereunder (i) have been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) are not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's Certificate of Incorporation (or equivalent document), its By-Laws, or of any provisions relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or instrument, or result in the creation or imposition of any Lien upon any of Lessee's property or assets other than the liens contemplated hereby;

(d) this Lease has been executed by the duly authorized officer or officers of Lessee and delivered to Lessor and constitutes, and when executed by the duly authorized officer or officers of Lessee and delivered to Lessor each Lease Supplement and related instruments, documents and agreements with respect to each Item of Equipment will constitute, the legal, valid and binding obligations of Lessee, enforceable in accordance with their terms;

(e) neither the execution and delivery of this Lease or any Lease Supplement by Lessee, nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, requires the consent or approval of, the giving of notice to, or the registration, filing or recording with, or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency or any other Person other than filing of the Lease and Lease Supplement(s) with the Interstate Commerce Commission;

(f) no mortgage, deed of trust, or other Lien which now covers or affects any property or interest therein of Lessee, now attaches to the Equipment or any Item of the Equipment, the proceeds thereof or this Lease, or in any manner affects or will affect adversely Lessor's rights and security interest therein;

(g) Lessee holds all licenses, certificates and permits from governmental authorities necessary to use and operate the Equipment in accordance with the provisions of this Lease;

(h) there is no litigation or other proceeding now pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, in any court or before any regulatory commission, board or other administrative governmental agency (i) which would directly or indirectly adversely affect or impair the title of Lessor to the Equipment, or (ii) which, except as may be contemplated and disclosed under the Disclosure Documents, would materially adversely affect the financial condition of Lessee;

(i) all balance sheets, statements of profit and loss and other financial statements set forth in the Disclosure Documents fairly present the financial condition of Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished, and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby (except as noted therein); and there has been no material adverse change in the financial condition of Lessee, since the date of the Disclosure Documents, except as may be contemplated and disclosed under the Disclosure Documents;

(j) neither Lessor, the Beneficiary, any Assignee, any Affiliate nor shareholder thereof shall, by reason of (i) the ownership of the Equipment or any part thereof by Lessor or Assignee, (ii) the lease of the Equipment to Lessee under the Lease, or (iii) any other transaction contemplated by the Lease or any other document executed in connection therewith, be deemed by any governmental authority having jurisdiction to be, or be subject to regulation as, an "electric utility", a "gas utility" or a "public utility" or a "public utility holding company" or an "affiliate", of a "public utility holding company", under the 35 Act or under any other existing law, rule or regulation (or applicable authoritative interpretation thereof) of the federal government of the United States of America, of Lessee's state of incorporation, or any subdivision thereof;

(k) neither Lessor, the Beneficiary nor any Assignee shall be subject to any liabilities, duties or obligations under the 35 Act as a result of the transaction contemplated hereby;

(l) no approval that has not been obtained by Lessee as of the date of this representation and warranty is required from any regulatory body, board, authority or commission, nor from any other administrative or governmental agency, nor from any other Person, with respect to the execution, delivery and performance of the Lease;

(m) Lessee is not a "common carrier", as such term is defined in the Interstate Commerce Act, as amended;

(n) except for (A) the filing for recording pursuant to the Interstate Commerce Act, as amended, of the Lease and Lease Supplement covering the Equipment, and (B) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Arkansas, no further action, including any filing or recording of any document (including any other financing statement in respect thereof under Article 9 of the U.C.C.), is necessary or advisable in order to establish and perfect Lessor's title to and interest in the Equipment as against Lessee, and any third parties in any applicable jurisdictions in the United States;

(o) the Disclosure Documents and the Equipment Documents taken as a whole, were true and correct in all material respects and did not omit any information necessary to make the information provided, in light of the circumstances under which such information was provided, not materially misleading;

(p) no ERISA Event has occurred or, to the best of Lessee's knowledge, is reasonably expected to occur with respect to any Plan of Lessee or any of its ERISA Affiliates which would result in a material liability to Lessee. Since the date of the most recent Schedule B (Actuarial Information) to the annual report of Plans maintained by Lessee (Form 5500 Series), if any, there has been no material adverse change in the funding status of the Plans referred to therein and, to the best of Lessee's knowledge, no "prohibited transaction" has occurred with respect thereto which is reasonably expected to result in a material liability to Lessee. Neither Lessee nor any of its ERISA Affiliates has incurred nor, to the best of Lessee's knowledge, reasonably expects to incur any material withdrawal liability under ERISA to any Multiemployer Plan; and

(q) Lessee is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended;

22. Events of Default. Any of the following events shall constitute an Event of Default:

(a) Lessee shall fail to make any payment of Interim Rent or Basic Rent or any Supplemental Payment no later than the earlier of (i) two (2) Business Days after receipt of notice (which may be given by facsimile transmission) of such failure or (ii) four Business Days after the date on which such payment is due and payable; provided, however, that any amounts owing at the

end of the Term to Lessor by Lessee under this Lease shall be due and payable as of such date and time is of the essence; or

(b) Lessee shall fail to observe or perform any of the covenants, agreements or obligations of Lessee set forth in Sections 6, 14(a), 28(b) and (c), 29 or 30(b) hereof or shall fail to maintain in effect the insurance required under Section 17 hereof; or

(c) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease, or in any agreement or certificate furnished to Lessor or any Assignee in connection herewith, and such failure shall continue unremedied for thirty (30) days after written notice to Lessee specifying such failure and demanding the same to be remedied; provided, however, that the continuation of such failure for a period of thirty (30) days or more after such notice has been so given (but in no event for a period which is of a duration longer than six (6) months or the remaining Term, whichever is shorter shall not constitute an Event of Default if (a) such failure can be remedied but cannot be remedied within such thirty (30) days, (b) Lessee is diligently pursuing a remedy of such failure and (c) such failure does not impair in any material respect Lessee's ability to perform its obligations hereunder or Lessor's interest in the Equipment; or

(d) Lessee shall be in default in the payment or performance of any Debt of Lessee in excess of \$25,000,000 (excluding any such non-payment or non-performance which is being contested in good faith by Lessee by appropriate proceedings and the liability for which has not been reduced to judgment) and such Debt shall be declared to be due and payable or otherwise accelerated prior to the maturity thereof; or

(e) any representation or warranty made by Lessee under this Lease or in any Lease Supplement or in any document or certificate furnished Lessor or any Assignee in connection herewith or pursuant hereto, shall prove to be untrue or incorrect when made; or

(f) Lessee shall become insolvent or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent and shall not be dismissed for a period of sixty (60) consecutive days; or any execution or writ or process shall be issued under any action or proceeding against Lessee whereby any of the Equipment may be taken or restrained; or

(g) Lessee shall (i) generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any case or proceeding or file any petition under any bankruptcy, insolvency or similar law or seeking dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against it in any bankruptcy, insolvency or similar case or proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business, or (ii) take corporate action for the purpose of effectuating any of the foregoing; or

(h) involuntary proceedings or an involuntary petition shall be commenced or filed against Lessee under any bankruptcy, insolvency or similar law or seeking the dissolution, liquidation or reorganization of Lessee or the appointment of a receiver, trustee, custodian or liquidator for Lessee or of a substantial part of the property, assets or business of Lessee, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of Lessee, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, vacated or fully bonded, within sixty (60) consecutive days after commencement, filing or levy, as the case may be; or

(i) the security interest granted under this Lease shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of Lessee; or Lessee shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or the security interest securing Lessee's obligations under this Lease shall, in whole or in part, cease to be a perfected security interest; or

(j) any of the following events shall occur and be continuing after the applicable grace period and notice requirement (if any):

(i) Any judgement or order for the payment of money equal to or in excess of \$25,000,000 shall be rendered against Lessee or its properties and either (A) enforcement proceedings shall have been commenced by any creditor upon

such judgment or order or (B) there shall be any period of thirty (30) consecutive days during which a stay of enforcement of such judgement or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(ii) Any ERISA Event shall have occurred with respect to a Plan which could reasonably be expected to have a material adverse effect on the financial condition of Lessee, and, thirty (30) days after notice thereof shall have been given to Lessor by Lessee, such ERISA Event shall still exist.

23. Remedies Upon Default.

(i) Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may exercise one or more of the following remedies as Lessor in its sole discretion may elect:

(a) Lessor may terminate or cancel this Lease, without prejudice to any other remedies of Lessor hereunder, with respect to all or any Item of Equipment, and whether or not this Lease has been so terminated, may enter the premises of Lessee or any other party to take immediate possession of the Equipment and remove all or any Item of Equipment by summary proceedings or otherwise, or may cause Lessee, at Lessee's expense, to store, maintain, surrender and deliver possession of the Equipment or such Item in the same manner as provided in Section 6 hereof, all without liability to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(b) Lessor may hold, keep idle or lease to others the Equipment or any Item of Equipment, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay Basic Rent for any Rental Periods commencing after Lessee shall have been deprived of possession pursuant to this Section 23 shall be reduced by the net proceeds, if any, received by Lessor from leasing the Equipment or such Item to any Person other than Lessee for the same Rental Periods or any portion thereof;

(c) Lessor may sell the Equipment or any Item of Equipment at public or private sale as Lessor may determine, free and clear of any rights of Lessee, and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for the Equipment or Item(s) so sold for any Rental Period commencing after the date on which such sale occurs), the sum of (i) all unpaid Interim

Rent and Basic Rent payable for each Item of Equipment for all Rental Periods through the date on which such sale occurs, plus (ii) an amount equal to the excess, if any, of (x) the Casualty Loss Value of the Item(s) of Equipment so sold, computed as of the Rent Payment Date coincident with or next preceding the date of such sale, over (y) the net proceeds of such sale, plus interest at the rate specified in Section 25 hereof on the amount of such excess from the Rent Payment Date as of which such Casualty Loss Value is computed until the date of actual payment, plus (iii) all unpaid Supplemental Payments due with respect to each Item of Equipment so sold;

(d) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under subsection (a) or (b) above with respect to any Item(s) of Equipment, Lessor, by written notice to Lessee specifying a payment date, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for any Item(s) of Equipment for any Rental Period commencing after the payment date specified in such notice and in lieu of the exercise by Lessor of its remedies under subsection (b) above in the case of a re-lease of such Item(s) or under subsection (c) above with respect to a sale of such Item(s)), the sum of (i) all unpaid Interim Rent and Basic Rent payable for such Item(s) for all Rental Periods through the payment date specified in such notice, plus (ii) all unpaid Supplemental Payments due with respect to such Item(s) as of the payment date specified in such notice, plus (iii) an amount, with respect to each such Item, equal to the Casualty Loss Value of such Item(s) computed as of the Rent Payment Date coincident with or next preceding the payment date specified in such notice; provided, however, that with respect to any such Item(s) returned to or repossessed by Lessor, the amount recoverable by Lessor pursuant to the foregoing shall be reduced (but not below zero) by an amount equal to the fair market sales value of such Item(s) as of the date on which Lessor has obtained possession of such Item(s); and

(e) Unless the Equipment has been sold in its entirety, Lessor may, whether or not Lessor shall have exercised or shall thereafter at any time exercise any of its rights under paragraph (b), (c) or (d) of this Section 23 with respect to the Equipment or portions thereof, demand, by written notice to Lessee specifying a date not earlier than ten (10) days after the date of such notice, that Lessee purchase, on such date, the Equipment (or the remaining portion thereof) in accordance with the provisions of Section 28(b); provided, however that no such written notice shall be required upon the occurrence of any Event of Default in paragraph (f) of Section 22.

(f) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease.

In addition, Lessee shall be liable for all costs and expenses, including attorney's fees, incurred by Lessor or any Assignee by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Equipment in accordance with Section 6 hereof or in placing the Equipment in the condition required by said Section. For the purpose of subsection (d) above, the "fair market sales value" of any Item of Equipment shall mean such value as has been determined by an independent qualified appraiser selected by Lessor. Except as otherwise expressly provided above, no remedy referred to in this Section 23 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not constitute the exclusive election of such remedies and shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

(ii) After the sale of all of the Equipment, pursuant to the exercise of Lessor's remedies under this Lease, any amounts collected by Lessor in such sale which exceed the aggregate of the applicable Casualty Loss Value for the Equipment, any amounts owed by Lessee to Lessor under this Lease and the costs incurred by Lessor in consummating such sale, shall be paid to Lessee by Lessor.

24. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself, after notice to Lessee, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 25 hereof, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder; provided, however, that no such payment, performance or compliance by Lessor shall be deemed to cure any Event of Default hereunder.

25. Late Charges. Lessee shall pay to Lessor, upon demand, to the extent permitted by applicable law, interest on any installment of Basic Rent or Interim Rent not paid when due, and on any Supplemental Payment or other amount payable under this Lease which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period) at a rate equal to the lesser of (a) the Alternate Base Rate plus two percent (2.00%) per annum, or (b) the maximum rate of interest permitted by law.

26. Further Assurances. Lessee will promptly and duly execute and deliver to Lessor and any Assignee such other documents and assurances, including, without limitation, such amendments to this Lease as may be reasonably required by Lessor and by any Assignee, and Uniform Commercial Code financing statements and continuation statements, and filings with the Interstate Commerce Commission, and will take such further action as Lessor or any Assignee may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and of any Assignee and their respective rights, title and interests in and to the Equipment.

27. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at its address or facsimile number as set forth herein, or in the case of any Assignee, to the address or facsimile number as such Assignee shall designate in writing to Lessor and Lessee, or in each case at such address or facsimile number as may be designated in writing to the respective parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when delivered; any notice, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed. Lessor's initial facsimile number is (203) 986-7920 and Lessee's initial facsimile number is (504) 576-4455, Attention: Director, Corporate Finance.

28. Lessee's Renewal and Purchase Options.

(a) Lessee's Renewal Option. If (i) no Event of Default shall have occurred and be continuing and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, to renew this Lease with respect to all but not less than all of the Items of Equipment (other than Equipment then being purchased by Lessee pursuant to Section 28(b)(II) hereof) then subject to this Lease for the Renewal Term(s) specified on the Lease Supplement for such Item. The first Renewal Term with respect to each such Item of Equipment will

commence at the expiration of the Basic Term of such Item, and each succeeding Renewal Term will commence at the expiration of the next preceding Renewal Term. All of the provisions of this Lease, including Basic Rent and the Variable Rate Percentage, shall be applicable during each Renewal Term for each such Item of Equipment. If Lessee intends not to exercise said renewal option with respect to such Items of Equipment for the next following Renewal Terms, Lessee shall give written notice to Lessor to such effect at least one hundred eighty (180) days prior to the expiration of the Basic Term, in the case of the first Renewal Term, and at least one hundred eighty (180) days prior to the expiration of the then current Renewal Term of said Item(s) of Equipment, in the case of the then next succeeding Renewal Term. If Lessee fails to give such written notice to Lessor with respect to any of such Items of Equipment for said Renewal Terms, it shall be conclusively presumed that Lessee has elected to exercise said renewal option with respect to such Items of Equipment for said Renewal Term. In the event Lessee elects not to exercise said renewal option (unless Lessor has otherwise agreed in writing or Lessee has exercised its purchase option under Section 28(b) hereof) each such Item of Equipment shall be returned to Lessor in accordance with the provisions of Section 6 hereof (unless delivered to a bidder in accordance with Section 28(c) hereof) and until each such Item has been so returned or delivered Lessee shall continue to pay Lessor the Basic Rent for each such Item as specified in Section 7(b) hereof.

(b) Lessee's Purchase Options.

(I) End of Term. If (i) no Event of Default shall have occurred and be continuing, and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Lessor, as hereinafter provided, to purchase all, but not less than all, Items of Equipment then subject to this Lease, on the Termination Date for each such Item of Equipment, for an amount (the "End of Term Purchase Option Amount"), with respect to each Item of Equipment, payable in immediately available funds, equal to the sum of (v) the Estimated Residual Value of such Item of Equipment as of the Basic Term or Renewal Term thereof then ending, plus (w) the Basic Rent due and payable for such Item of Equipment on the Termination Date, if Basic Rent for such Item is payable in arrears, plus (x) any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income taxes attributable to such sale), plus (y) any Supplemental Payments then due and owing to Lessor hereunder. Lessor's sale of each Item of Equipment shall be on an as-is, where-is basis, without any representation or warranty by, or recourse to, Lessor except that Lessor shall warrant that

each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (iv) of the definition of Permitted Liens. If Lessee intends to exercise said purchase option in respect of the Termination Date, Lessee shall give written notice to Lessor to such effect at least one hundred eighty (180) days prior to the expiration of the Basic Term of said Item(s) of Equipment whose Basic Term first expires hereunder, or, if Lessee has renewed this Lease pursuant to Section 28(a) hereof, then at least one hundred eighty (180) days prior to the expiration of the then current Renewal Term of said Item(s) of Equipment whose Basic Term first expires hereunder. If Lessee gives such written notice to Lessor, or fails to give such notice at least one hundred eighty (180) days prior to the end of the Maximum Term, such notice or omission shall constitute the irrevocable and binding obligation of Lessee to purchase all Items of Equipment and to pay Lessor the End of Term Purchase Option Amount on the Termination Date thereof.

(II) Early Buyout Option. If (i) no Event of Default shall have occurred and be continuing, and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Lessor, as hereinafter provided, to purchase any and all Items of Equipment then subject to this Lease, on any Business Day (other than any Business Day during the Remarketing Period), for an amount (the "EBO Purchase Option Amount"), with respect to each Item of Equipment, payable in immediately available funds, equal to the sum of, in the case where Basic Rent is determined with respect to the Commercial Paper Rate, (s) the Casualty Loss Value of such Item of Equipment as of the next succeeding Rent Payment Date, plus (t) the Basic Rent due and payable with respect to such Item of Equipment as of the next succeeding Rent Payment Date, plus (u) any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income taxes attributable to such sale), plus (v) any Supplemental Payments then due and owing to Lessor hereunder or, in the case where Basic Rent is determined with respect to the LIBO Rate or the Alternate Base Rate, (w) the Casualty Loss Value of such Item of Equipment as of the immediately preceding Rent Payment Date, plus (x) an amount obtained by multiplying (1) such Casualty Loss Value by (2) the Variable Rate Percentage, by (3) the number of days from and including the commencement of the then effective Rental Period to but excluding the date of purchase by (4) 1/360, plus (y) any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income taxes attributable to such sale), plus (z) any Supplemental Payments then due and owing to Lessor hereunder; provided,

however, that, if Lessee elects to purchase less than all of the Items of Equipment, after giving effect to the exercise of such option, no less than the Minimum Equipment Holdings remain subject to this Lease for the Term of this Lease. Lessor's sale of each Item of Equipment shall be on an as-is, where-is basis, without any representation or warranty by, or recourse to, Lessor except that Lessor shall warrant that each such item of Equipment shall be returned free and clear of all Liens of the sort described in clause (iv) of the definition of Permitted Liens. If Lessee intends to exercise said purchase option on any Business Day which is not a Rent Payment Date, Lessee shall (i) provide Lessor with thirty (30) days prior written notice thereof and (ii) in addition to any amounts due and payable on such date, pay to Lessor the EBO Purchase Option Amount plus any and all costs incurred with respect to such prepayment, including, but without duplication of amounts paid under clause (w) above, break costs and amounts of additional interest due with respect to Commercial Paper Notes maturing with respect to the Rental Period then in effect. Notwithstanding the foregoing, Lessee may not exercise its purchase option with respect to less than all of the Items of Equipment more than four (4) times prior to the end of the Maximum Term.

(III) LC Event Purchase. If an LC Event has occurred and is continuing, and this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Lessor, as hereinafter provided, to purchase all, but not less than all, Items of Equipment then subject to this Lease, on the Termination Date for each such Item of Equipment, for an amount, with respect to each Item of Equipment, payable in immediately available funds, equal to the End of Term Purchase Option Amount; provided, however, that Lessor shall have no obligation to sell the Equipment to Lessee, and Lessee shall have no right to purchase the Equipment, pursuant to this clause (III) if Lessor has received a bona fide bid from a prospective purchaser for the Equipment higher than the Maximum Lessor Risk Amount. Lessor's sale of each Item of Equipment shall be on an as-is, where-is basis, without any representation or warranty by, or recourse to, Lessor except that Lessor shall warrant that each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (iv) of the definition of Permitted Liens. If Lessee intends to exercise said purchase option, Lessee shall give written notice to Lessor to such effect no less than three (3) Business Days prior to the Termination Date.

(c) Third Party Sale of Equipment.

(i) Remarketing Obligations. In the event Lessee does not exercise either its option to renew this Lease with respect to all Items of Equipment then subject to this Lease in accordance with Section 28(a) hereof or to purchase all of the Items of Equipment pursuant to Section 28(b), then Lessee shall have the obligation during the last one hundred eighty (180) days of the Basic Term, or the then current Renewal Term, if applicable (the "Remarketing Period"), to obtain bona fide bids for not less than all Items of Equipment then subject to this Lease from prospective purchasers who are financially capable of purchasing such Items of Equipment for cash on an as-is, where-is basis, without recourse or warranty except that Lessor shall warrant that each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (iv) of the definition of Permitted Liens. All bids received by Lessee prior to the end of the Basic Term, or Renewal Term if applicable, of such Item(s) of Equipment shall be immediately certified to Lessor in writing, setting forth the amount of such bid and the name and address of the person or entity submitting such bid. Notwithstanding the foregoing, Lessor shall have the right, but not the obligation, to seek bids for the Equipment during the Remarketing Period.

(ii) Sale of Equipment to Third Party Buyer. On the Termination Date, provided that all the conditions hereof have been met, Lessor shall sell (or cause to be sold) all Items of Equipment then subject to this Lease, for cash to the bidder, if any, selected by Lessee on an as-is, where-is basis and without recourse or warranty except that Lessor shall warrant that each such Item of Equipment shall be returned free and clear of all Liens of the sort described in clause (iv) of the definition of Permitted Liens, and upon receipt by Lessor of the sales price Lessor shall instruct Lessee to deliver and Lessee shall deliver such Item(s) of Equipment to such bidder; provided, that (x) any such sale to a third party shall be consummated, and the sales price for such Item shall be paid to Lessor in immediately available funds, on or before the Termination Date; and (y) Lessor shall not be obligated to sell such Equipment (I) if the Net Proceeds of Sale of such Item(s) are less than the aggregate Maximum Lessor Risk Amount applicable to such Item(s) as of the Termination Date, or (II) if Lessor has not received the amounts, if any, payable by Lessee pursuant to Section 29(a). Except as expressly set forth herein, Lessee shall have no right, power or authority to bind Lessor in connection with any proposed sale of the Equipment.

29. End of Term Rental Adjustment.

(a) Third Party Sale of Equipment. This Section 29(a) shall apply only if, with respect to any Item(s) of Equipment, a sale of such Item(s) to a third party pursuant to Section 28(c) hereof is being consummated on the Termination Date. If the proceeds of sale of such Item(s), after deducting therefrom the aggregate amount of all costs incurred by Lessor, Beneficiary or LC Issuer in connection with such sale (such net amount being hereinafter referred to as "Net Proceeds of Sale") are less than the aggregate Estimated Residual Value of such Item(s) as of such Termination Date, Lessee shall, on the Termination Date, pay to Lessor as an End of Term Rental Adjustment, in immediately available funds, an amount equal to such deficiency (a "Deficiency") as an adjustment to the Rent payable under this Lease for such Item(s), plus the Basic Rent due and payable for such Item(s) of Equipment on the Termination Date, plus any Supplemental Payments then due and owing to Lessor hereunder; provided, however, that if no LC Event, Default or Event of Default shall have occurred and be continuing hereunder, the amount of the Deficiency payable by Lessee with respect to such Item(s) shall not exceed the aggregate Maximum Lessee Risk Amount then applicable to such Item(s). If the Net Proceeds of Sale of such Item(s) of Equipment exceed the aggregate Estimated Residual Value of such Item(s) and if no Default or Event of Default shall have occurred and be continuing hereunder and Lessee shall have paid Lessor on or before the Termination Date the Basic Rent due and payable for such Item(s) of Equipment on the Termination Date, plus all Supplemental Payments then due and owing with respect to such Item(s), Lessor shall pay to Lessee an amount equal to such excess as an adjustment to the Rent payable under this Lease for such Item(s).

(b) Lessee Payment. If a sale of all Items of Equipment then subject to this Lease either to Lessee pursuant to Section 28(b) hereof or to a third party pursuant to Section 28(c) hereof has not been consummated on the Termination Date with respect thereto for any reason, then Lessee shall, on the Termination Date of such Item(s), pay to Lessor as an End of Term Rental Adjustment, in immediately available funds, as an adjustment to the Rent payable under this Lease for such Item(s), an amount equal to (i) the Maximum Lessee Risk Amount of all of such Items, if on the Termination Date no LC Event, Default or Event of Default shall have occurred and be continuing hereunder or (ii) the Estimated Residual Value of all of such Items, if on the Termination Date an LC Event, Default or Event of Default shall have occurred and be continuing hereunder, plus, in either case, the Basic Rent due and payable for such Item(s) of Equipment on the Termination Date, plus all Supplemental Payments then due and owing with respect to such Item(s). Lessee shall remain liable for the payment of, and upon the consummation by

Lessor of the sale of any Item(s) of Equipment after the Termination Date thereof, Lessee shall pay, or reimburse Lessor for the payment of, all applicable sales, excise or other taxes imposed as a result of such sale, other than gross or net income taxes attributable to such sale, and such obligation shall survive the termination of this Lease.

(c) LC Event. Upon the occurrence of an LC Event and payment by Lessee of all amounts due hereunder, Lessor shall assign all of its rights and interest under the Letter of Credit, including rights with respect to demands for payment not honored by the LC Issuer, to Lessee.

30. Lessee Covenants.

(a) Financial Information. Lessee agrees to furnish Lessor (a) as soon as available, and in any event within 120 days after the last day of each fiscal year of Lessee, a copy of Lessee's Annual Report on Form 10-K (including any financial information incorporated by reference therein), if any, filed with the SEC for such fiscal year; (b) within sixty (60) days after the last day of each fiscal quarter of Lessee (except the last such fiscal quarter), a copy of Lessee's Quarterly Report on Form 10-Q, if any, filed with the SEC for such quarterly period; (c) within fifteen (15) days after filing with the SEC, all Current Reports on Form 8-K; (d) as soon as available to Lessee, the notice of any adjustment with respect to the transactions contemplated hereby resulting from any audit of the books and/or records of Lessee by any taxing authority having jurisdiction over Lessee; and (e) such additional financial information as Lessor may reasonably request concerning Lessee.

In the event Lessee is no longer obligated to file Forms 10-K and 10-Q with the SEC, Lessee shall furnish to Lessor the financial statements required to be filed under such Forms on or prior to the dates specified in the preceding sentence.

(b) Mergers, Etc. (i) Lessee shall not merge with or into or consolidate with or into any other Person or sell, transfer, or otherwise dispose of substantially all Lessee's assets, except that Lessee may merge with or into or consolidate with or into another Person, provided that immediately after giving effect thereto, (A) no event shall occur and be continuing which constitutes a Default or Event of Default, (B) Lessee is the surviving corporation or, the surviving (if not Lessee) or resulting corporation shall have expressly assumed, by an assumption agreement reasonably satisfactory to Lessor, the obligations of Lessee under this Lease, and (C) Lessee or the surviving entity or resulting entity or transferee, as applicable, will have a Tangible Net Worth at least equal to the

Tangible Net Worth of Lessee prior to such merger, consolidation or transfer.

(c) ERISA. As soon as possible and in any event (A) within thirty (30) days after any ERISA Event described in clause (i) of the definition of ERISA Event with respect to any Plan of Lessee or any ERISA Affiliate of Lessee has occurred and (B) within ten (10) days after any other ERISA Event with respect to any Plan of Lessee or any ERISA Affiliate of Lessee has occurred, Lessee shall deliver to Lessor a statement of a Responsible Officer describing such ERISA Event and the action, if any, which Lessee or such ERISA Affiliate proposes to take with respect thereto.

(d) ERISA Information. Promptly after receipt thereof by Lessee or any of its ERISA Affiliates from the PBGC, Lessee shall deliver to Lessor copies of each notice received by Lessee or such ERISA Affiliate of the PBGC's intention to terminate any Plan of Lessee or such ERISA Affiliate or to have a trustee appointed to administer any such Plan.

(e) ERISA Notice. Promptly after receipt thereof by Lessee or any ERISA Affiliate of Lessee from a Multiemployer Plan sponsor, Lessee shall deliver to Lessor a copy of each notice received by Lessee or such ERISA Affiliate concerning the imposition or amount of withdrawal liability in an aggregate principal amount of at least \$250,000 pursuant to Section 4202 of ERISA in respect of which Lessee or such ERISA Affiliate is reasonably expected to be liable.

(f) Litigation. Lessee shall deliver to Lessor, promptly after Lessee becomes aware of the occurrence thereof, notice of all actions, suits, proceedings or other events for which Lessor will be entitled to indemnity hereunder.

31. Expenses. Lessee agrees, whether or not the transactions contemplated by this Lease are consummated, to pay (or reimburse Lessor for the payment of) all Transaction Expenses.

32. Owner for Income Tax Purposes. Lessor agrees that Lessee shall be deemed the owner of the Equipment for federal, state and local income tax purposes and that, so long as no Event of Default shall have occurred and be continuing, Lessor shall take no action inconsistent with such ownership for income tax purposes.

33. LIBO Rate Provisions.

(a) Match Funding. If any payment of Rent based on the LIBO Rate is made on any day other than the Rent Payment Date

applicable thereto, Lessee shall reimburse Lessor within fifteen (15) days after demand for any resulting loss or expense incurred by it or the Beneficiary, including (without limitation) any loss incurred in obtaining, liquidating or employing funding from third parties, but excluding loss of margin for the period after any such payment or conversion or failure to borrow or prepay, provided that Lessor or the Beneficiary shall have delivered to Lessee a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error. Lessor or the Beneficiary will, at the request of Lessee, furnish such additional information concerning the determination of such loss as Lessee may reasonably request.

(b) Basis for Determining Rent Inadequate or Unfair.
If on or prior to the first day of any Rental Period:

(A) deposits in dollars (in the applicable amounts) are not being offered to the Beneficiary or any Affected Party (or any Affiliates of any thereof) in the relevant market for such Rental Period, or

(B) Lessor advises Lessee that the LIBOR as determined by the Beneficiary or any Affected Party will not adequately and fairly reflect the cost of funding Acquisition Cost of Equipment subject to this Lease for such Rental Period,

Lessor or Beneficiary shall forthwith give notice thereof to Lessee, whereupon until Lessor or Beneficiary notifies Lessee that the circumstances giving rise to such suspension no longer exist, (i) the obligation of Lessor to fund Acquisition Cost of Equipment subject to this Lease based on LIBOR shall be suspended and Rent shall be on the basis of the Alternate Base Rate.

(c) Illegality. If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lessor, the Beneficiary or any Affected Party (or any Funding Office thereof) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall in the opinion of counsel to Lessor or the Beneficiary make it unlawful or impossible for Lessor, the Beneficiary or any Affected Party (or any Funding Office thereof) to make, maintain or fund its Acquisition Cost of Equipment subject to this Lease or interest in the trust estate formed under the Owner Trust Agreement or in any Beneficiary Funding Arrangement, and Lessor or Beneficiary shall so notify Lessee, whereupon until Lessor or Beneficiary notifies Lessee that the circumstances giving rise to such suspension no longer exist, the obligation to fund based on LIBOR shall be suspended

and shall be on the basis of the Alternate Base Rate. Lessor and the Beneficiary, with the consent of Lessee (which consent shall not unreasonably be withheld), will designate a different Funding Office if such designation will avoid the need for giving such notice and will not, in the judgment of Lessor, be otherwise disadvantageous to Lessor. If such notice is given (i) Lessee shall be entitled upon its request to a reasonable explanation of the factors underlying such notice and (ii) Rent shall begin to be at the Alternate Base Rate either (a) on the last day of the then current Rental Period applicable thereto, if Lessor, the Beneficiary or the applicable Affected Party may lawfully continue to maintain and fund LIBOR to such day or (b) immediately, if Lessor, Beneficiary or any Affected Party shall determine that it may not lawfully continue to maintain and fund LIBOR to such day.

(d) Increased Cost and Reduced Return.

(A) In the event that the adoption of any applicable law, rule or regulation, or any change therein or in the interpretation or application thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof or compliance by Lessor, Beneficiary or any Affected Party with any request or directive after the date hereof (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) does or shall subject Lessor, the Beneficiary or any Affected Party to any additional tax of any kind whatsoever with respect to this Lease (including any Beneficiary Funding Arrangement) or any amounts hereunder or thereunder, or change the basis or the applicable rate of taxation of payments to Lessor, the Beneficiary or any Affected Party of Rent or any other amount payable hereunder (except for the imposition of or change in any tax on or measured by the overall net income of Lessor, the Beneficiary or any Affected Party (other than any such tax imposed by means of withholding)); provided, however, that such amounts payable hereunder shall be without duplication of amounts paid or payable under Section 18 hereof and which would otherwise be covered under this clause (i);

(ii) does or shall impose, modify or hold applicable any reserve, special deposit, insurance assessment, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of Lessor, the

Beneficiary or any Affected Party which are not otherwise included in determination of the Rent hereunder; or

(iii) does or shall impose on Lessor, the Beneficiary or any Affected Party any other condition;

and the result of any of the foregoing is to increase the cost to Lessor, the Beneficiary or any Affected Party of funding or refunding the Acquisition Cost of Equipment subject to this Lease or to reduce any amount receivable hereunder or cause the Beneficiary to be liable to any Affected Party for additional amounts under any Beneficiary Funding Arrangement or cause any amount receivable by any Affected Party from the Beneficiary to be reduced under any Beneficiary Funding Arrangement, then in any such case, Lessee shall promptly pay to Lessor, upon demand, any additional amounts necessary to compensate Lessor for such increased cost or reduced amount receivable which Lessor or the Beneficiary deems to be material as determined by Lessor with respect to funding or refunding the Acquisition Cost of Equipment subject to this Lease.

(B) If Lessor, the Beneficiary or any Affected Party shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of Lessor, the Beneficiary or any Affected Party (or any entity directly or indirectly controlling Lessor, the Beneficiary or any Affected Party) as a consequence of Lessor's obligations hereunder or under any Beneficiary Funding Arrangement to a level below that which Lessor, the Beneficiary or any Affected Party (or any entity directly or indirectly controlling Lessor, the Beneficiary or any other Affected Party) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by Lessor or the Beneficiary to be material, then from time to time, within fifteen (15) days after demand by Lessor or the Beneficiary, Lessee shall pay to Lessor such additional amount or amounts as will compensate Lessor, the Beneficiary or any Affected Party or such controlling receiver for such reduction.

(C) Lessor or the Beneficiary will promptly notify Lessee of any event of which it has knowledge, occurring after the date hereof, which will entitle Lessor, the Beneficiary or any Affected Party to compensation pursuant to this Section and will, if practicable, with the consent of Lessee (which consent shall not unreasonably be withheld), designate a different Funding Office or take any other reasonable action if such designation or action will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of Lessor, be otherwise disadvantageous to Lessor, the Beneficiary or any Affected Party. A certificate of Lessor or the Beneficiary claiming compensation under this Section and setting forth in reasonable detail its computation of the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, any reasonable averaging and attribution methods may be used.

34. Governing Law; Venue. Lessee agrees that at Lessor's sole election any suit, action or proceeding brought by Lessor against Lessee in connection with or arising out of this Lease may be brought in any federal or state court located in the City and State of New York, and Lessee waives personal service of all process upon it and consents that service of process may be made by mail or messenger directed to it at its address set forth above and that service so made shall be deemed to be completed upon the earlier of actual receipt or three (3) days after the same shall have been posted to Lessee's said address. Nothing herein contained shall affect Lessor's right to serve legal process in any other manner permitted by law or to bring any suit, action or proceeding against Lessee or its property in the courts of any other jurisdiction. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

35. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision of this Lease prohibited or unenforceable in any respect. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which

the enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and (subject to the restrictions of Section 14(a) hereof) Lessee. If there is more than one Lessee named herein, the liability of each Lessee shall be joint and several. This Lease, each Lease Supplement and each related instrument, document, agreement and certificate, collectively constitute the complete and exclusive statement of the terms of the agreement between Lessor and Lessee with respect to the acquisition and leasing of the Equipment, and cancel and supersede any and all prior oral or written understandings with respect thereto.

36. Concerning the Owner Trustee. It is expressly agreed and understood that all undertakings and covenants by Lessor hereunder shall be binding upon Lessor only in its capacity as Owner Trustee under the Owner Trust Agreement, and the institution acting as Owner Trustee shall not be liable in its individual capacity for such under this Lease. Notwithstanding the foregoing, Shawmut shall not directly or indirectly create, incur, assume or suffer to exist any Permitted Lien of the sort described in clause (iv) of the definition thereof which arises by or through Shawmut on or with respect to the Equipment or any Item thereof and Lessee shall be entitled to reimbursement from Shawmut of all amounts paid and losses incurred by Lessee as a consequence of the occurrence of an LC Event arising as a result of any such lien.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed by their duly authorized representatives as of the date first above written.

Attest:

(Lessee)

Chris Soreen
(Corporate Seal)

ARKANSAS POWER & LIGHT COMPANY

By W. H. Rogers

Title: President & Treasurer

SHAWMUT BANK, CONNECTICUT,
N.A., as Owner Trustee

Attest:

(Lessor)

Secretary

(Corporate Seal)

By _____

Title: _____

COUNTERPART NO. 8 OF EIGHT (8) SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed by their duly authorized representatives as of the date first above written.


Attest:
(Lessee)

(Corporate Seal)

ARKANSAS POWER & LIGHT COMPANY

By _____
Title: _____

Attest:
(Lessor)



Secretary
(Corporate Seal)

SHAWMUT BANK, CONNECTICUT,
N.A., as Owner Trustee

By 
Title: VICE PRESIDENT

COUNTERPART NO. 8 OF EIGHT (8) SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed by their duly authorized representatives as of the date first above written.

Attest:
(Lessee)

(Corporate Seal)


ARKANSAS POWER & LIGHT COMPANY

By _____
Title: _____

Attest:
(Lessor)

Secretary
(Corporate Seal)

SHAWMUT BANK, CONNECTICUT,
N.A., as Owner Trustee

By 
Title: VICE PRESIDENT

COUNTERPART NO. 8 OF EIGHT (8) SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

State of Louisiana)
) SS
Parish of Orleans)

On this 16th day of June, 1995, before me personally appeared in the City of New Orleans, State of Louisiana, William J. Regan, Jr., to me personally known, who being by me duly sworn, says that he is the Vice President and Treasurer of Arkansas Power & Light Company, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Chris Screen
Notary Public

[NOTORIAL SEAL]

My commission expires: AT MY DEATH

STATE OF **CONNECTICUT**
COUNTY OF **HARTFORD**

)
) SS
)

On this 16th day of June, 1995, before
me personally appeared in the City of HARTFORD State of CONNECTICUT
STEVEN CIMALORE, to me personally known, who being
by me duly sworn, says that he is the VICE PRESIDENT of
SHAWMUT BANK CONNECTICUT, N.A. that the foregoing instrument was signed and
sealed on behalf of said corporation by authority of its Board of
Directors, and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.

Dawn P. Heintz
Notary Public

[NOTARIAL SEAL]

DAWN P. HEINTZ
NOTARY PUBLIC
MY COMMISSION EXPIRES MAY 31, 1997

My Commission expires: _____

EXHIBIT A TO
EQUIPMENT LEASING AGREEMENT

LEASE SUPPLEMENT NO.

This Lease Supplement is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions, of, the Equipment Leasing Agreement dated as of June 16, 1995 between the undersigned Lessor and Lessee (herein, as amended and supplemented from time to time, called the "Lease").

Lessee hereby (a) acknowledges and certifies that (i) each Item of Equipment described below or on any Schedule attached hereto has been selected by, delivered to, and inspected by, Lessee, (ii) Lessee has reviewed and approved the purchase order, supply contract or purchase agreement covering each such Item, and (iii) that as between Lessor and Lessee, each such Item is of a size, design, capacity and manufacture acceptable to and suitable for and is in good working order, repair and condition; and (b) unconditionally and irrevocably accepts each such Item for lease under the Lease of the date hereof.

Lessor and Lessee hereby agree that each Item of Equipment described below or on any Schedule attached hereto is hereby leased from Lessor to Lessee under and subject to all of the terms, conditions and provisions of the Lease; that the Term with respect to each such Item commences on the date hereof and that such date is the "Acceptance Date" thereof; and that Acquisition Cost for all Items of Equipment covered by this Lease Supplement is as set forth below.

Lessee hereby agrees to pay the Rent for all Items of Equipment covered by this Lease Supplement in the amounts and at the times specified below, reaffirms its acknowledgments and agreements in Section 8 of the Lease and certifies that its representations and warranties set forth in Section 21 of the Lease and in any related certificate delivered to Lessor are true and correct on the date hereof.

All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

1. Description of Item(s) of Equipment: Johnstown America Corporation Aluminum-Sided Rotary Dump Gondola Railcars
2. Quantity:
As set forth on Schedule 1 hereto
3. A.A.R. Mechanical Designation:
GT
4. Reporting Marks and Car Nos.:
As set forth on Schedule 1 hereto
5. Acquisition Cost for each such Item of Equipment:
6. Interim Term: commencing on date hereof and ending on October 19, 1995.
7. Basic Term Commencement Date: October 20, 1995
8. Basic Term: twelve (12) months, commencing on Basic Term Commencement Date and ending on October 19, 1996.
9. Renewal Term(s): six (6) Renewal Term(s) of twelve (12) months each.

10. Certain Values:

| <u>Expiration of:</u> | <u>Estimated Residual Value Percentage:*</u> | <u>Maximum Lessee Risk Percentage:*</u> | <u>Maximum Lessor Risk Percentage:*</u> |
|----------------------------|----------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Basic Term | 94.000000 | 83.231861 | 10.768139 |
| Renewal Term 1 (if any) | 88.000000 | 77.894959 | 10.105041 |
| Renewal Term 2 (if any) | 82.000000 | 72.540097 | 9.459903 |
| Renewal Term 3 (if any) | 76.000000 | 67.185236 | 8.814764 |
| Renewal Term 4 (if any) | 70.000000 | 61.816791 | 8.183209 |
| Renewal Term 5 (if any) | 64.000000 | 56.475513 | 7.524487 |
| Renewal Term 6 (if any) | 58.000000 | 51.120651 | 6.879349 |

* Expressed as a percentage of the Acquisition Cost of each Item of Equipment

SCHEDULE OF CASUALTY LOSS VALUES TO
LEASE SUPPLEMENT NO. ____

| <u>Percentage</u> | <u>Casualty Loss Value</u> <u>Payment Date</u> |
|-------------------|---------------------------------------------------|
| 100.000000 | 10/20/95 |
| 98.500000 | 1/20/96 |
| 97.000000 | 4/20/96 |
| 95.500000 | 7/20/96 |
| 94.000000 | 10/20/96 |
| 92.500000 | 1/20/97 |
| 91.000000 | 4/20/97 |
| 89.500000 | 7/20/97 |
| 88.000000 | 10/20/97 |
| 86.500000 | 1/20/98 |
| 85.000000 | 4/20/98 |
| 83.500000 | 7/20/98 |
| 82.000000 | 10/20/98 |
| 80.500000 | 1/20/99 |
| 79.000000 | 4/20/99 |
| 77.500000 | 7/20/99 |
| 76.000000 | 10/20/99 |
| 74.500000 | 1/20/00 |
| 73.000000 | 4/20/00 |
| 71.500000 | 7/20/00 |
| 70.000000 | 10/20/00 |
| 68.500000 | 1/20/01 |
| 67.000000 | 4/20/01 |
| 65.500000 | 7/20/01 |
| 64.000000 | 10/20/01 |
| 62.500000 | 1/20/02 |
| 61.000000 | 4/20/02 |
| 59.500000 | 7/20/02 |
| 58.000000 | 10/20/02 |

IN WITNESS WHEREOF, the parties hereto have caused this Lease Supplement to be duly executed by their duly authorized representatives as of this ____ day of _____, ____.

COUNTERPART NO. ____ OF EIGHT (8)
SERIALLY NUMBERED MANUALLY EXECUTED
COUNTERPARTS. TO THE EXTENT IF ANY
THAT THIS DOCUMENT CONSTITUTES
CHattel PAPER UNDER THE UNIFORM
COMMERCIAL CODE, NO SECURITY
INTEREST IN THIS DOCUMENT MAY BE
CREATED THROUGH THE TRANSFER AND
POSSESSION OF ANY COUNTERPART OTHER
THAN COUNTERPART NO. 1.

Attest:
(Lessee)

ARKANSAS POWER & LIGHT
COMPANY, as Lessee

(Corporate Seal)

By _____
Title:

Attest:
(Lessor)

SHAWMUT BANK,
CONNECTICUT, N.A., as
Lessor

(Corporate Seal)

By _____
Title:

EXHIBIT B TO
EQUIPMENT LEASING AGREEMENT

FUNDING NOTICE

Shawmut Bank Connecticut,
National Association
777 Main Street, MSN 238
Hartford, Connecticut 06115
Attention:

Stellar Capital Corporation
c/o The Bank of Tokyo Trust Company,
Corporate Trust Division
100 Broadway
New York, New York 10005
Attention:

Gentlemen and Ladies:

Reference is made to the Equipment Leasing Agreement dated as of June 16, 1995 (as amended and supplemented from time to time, the "Lease") between Shawmut Bank Connecticut, National Association, as Lessor and Arkansas Power & Light Company, as Lessee. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

The undersigned hereby gives notice to the Lessor pursuant to Section 4(b) of the Lease of its request for a Funding. In connection with the Funding, the Lessee sets forth the following information:

- (i) Date of Funding:
- (ii) Acquisition Cost to be funded:
- (iii) Items of Equipment to be funded by Lessor on the date of funding:
- (iv) Invoices or bills of sale for Items of Equipment described in clause (iii) above are attached hereto.

Very truly yours,

ARKANSAS POWER & LIGHT
COMPANY, as Lessee

By: _____
Name:
Title:

June 16, 1995

A description of the railroad equipment covered by the Master Lease Agreement is as follows: Two thousand, two hundred and eighty-nine (2,289) aluminum-sided rotary dump gondola "coalporter" railcars bearing identification numbers ETRX 750001-751440, inclusive, ETRX 850001-850849, inclusive, A.A.R. car type J311.

A filing fee of \$21.00 is enclosed to cover the required recordation fee, as set forth in 49 C.F.R. 1002.2(f)(84). Please return the duplicate copy of this letter and the original copy of the enclosed document not needed by the Commission for recordation to the bearer of this letter.

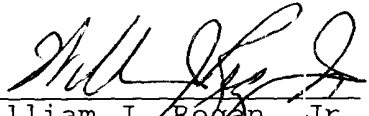
A short summary of the Master Lease Agreement to appear in the index follows:

Equipment Leasing Agreement, dated as of June 16, 1995, between Shawmut Bank, Connecticut, N.A., as Owner Trustee, as lessor, 777 Main Street, M.S.N. 238, Hartford, Connecticut 06115, and Arkansas Power & Light Company, 425 West Capitol Avenue, Little Rock, Arkansas, 72201, as lessee, covering 2,289 aluminum-sided rotary dump gondola "coalporter" railcars bearing identification numbers ETRX 750001-751440, inclusive, ETRX 850001-850849, inclusive, A.A.R. car type J311.

Very truly yours,

Arkansas Power & Light Company

By:


William J. Regan, Jr.
Vice President and Treasurer

Enclosures